



*INTRODUCTION TO SOCIAL SCIENCE*



# INTRODUCTION

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# TO SOCIAL SCIENCE

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VOLUME I

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## FOREWORD

There is no longer any serious controversy among educators and informed laymen as to the need for conveying to the rising citizenry an understanding of the social world. The almost universal inclusion of social studies in school curricula is proof of the recognition that among the primary functions of contemporary education is the orientation of the young with reference to the society of which they are a part. There is still considerable difference of opinion, however, among the experts concerning the ways and means by which the schools might best discharge this obligation.

No normal young person can grow up in our civilization and participate in the daily affairs of his family and community without imbibing a great deal of the knowledge and coming to share most of the basic values of the society in which he lives. By the time he reaches the college level the student may be expected to have some familiarity, based upon personal experience, with the major social issues confronting us and to have some convictions with reference to the conflicting programs for dealing with these problems. Hence the student never approaches the study of social science with the same degree of ignorance and the same unbiased frame of mind with which he begins his study of the physical and the biological universe. Whereas in his initial contact with physics, chemistry, and biology he is relatively ignorant and neutral, in the case of the social sciences he is filled with preconceptions and ready to give the final answers to questions that still baffle the experts.

A large and important part of the work of an introductory course in the social sciences must therefore necessarily be directed toward aiding the student to unlearn what he thinks he already knows. This may frequently involve the unsettling of his dogmatic convictions, to be followed by the attempt to get him to view questions as open which he may have considered as already closed, and to guide him in acquiring a new perspective of his society and its problems. It is probably impossible for anyone ever to view any acute social issue with the same detached and dispassionate objec-

tivity with which the natural scientist views his subject matter in the laboratory. Complete self-effacement also carries with it a corresponding disinterestedness which in matters social is both impossible and undesirable. There are indeed many subjects of interest to social scientists in which personal biases and interests play a minor role, but they generally are subjects on which we must content ourselves with the most external and mechanical knowledge. If we would go beyond this superficial knowledge and attempt to obtain some genuine insights, however, we must get an intimate acquaintance with our subject matter, which in social phenomena involves some degree of participation in and extension of our personal experience into the situations we hope to study.

Most of the crucial questions to which students of social science must be introduced in social science courses are regarded as controversial by some elements in our society. Hence, it appears well-nigh impossible to write a thoroughly objective textbook in the social sciences, and if such a book were to be written it would probably be so devoid of interest to anyone that no one could be induced to read it.

Although the authors of this volume have attempted to present the most authentic knowledge that is available on their respective topics, I could not claim for them that their work will be found wholly unbiased on all the issues they have treated. It is possible to say something much more complimentary and significant about their work, however, namely, that they have made diligent efforts to make their biases explicit and bring them out into the open where they may be viewed in relation to other conceivable biases and in the light of the facts established by the consensus of the competent.

There are already many textbooks available designed to furnish an introduction to the social sciences for junior college and college students. Each perhaps represents the procedures which its authors have found most nearly in accord with their preconceptions both as to the nature of social science and the best methods of teaching it. While no apology is therefore necessary on the part of the authors of the present work for adding another book which incorporates their preferences and the fruits of their extensive experience, for the use of their own classes, it is appropriate that the editor address a word to other teachers indicating why they too might find the volume suited to their students.

This work is designed not as an introductory outline or syllabus in the social sciences but as a complete text, requiring only a limited and inexpensive library of supplementary readings which may be judiciously selected from the bibliographies following each chapter, in case it is desired to induce students to familiarize themselves with a wider range of source materials.

Unlike a number of other volumes now in use, this work employs the "problem approach" to the social sciences. It thus has a closeness to the life of our time and presumably to the actual experiences and situations confronting the student. This essential quality is generally found wanting in textbooks designed on a formal and abstract pattern. The authors of this volume believe that more sound theoretical knowledge of a subject matter can be gained by analyzing actual problems the genuineness and reality of which the student recognizes on the basis of his own experience, rather than by confronting him with a highly systematized body of formal propositions of the meaning and relevance of which he may be only remotely and faintly aware.

This work, moreover, proceeds on the assumption that in an introductory text it is not desirable to deal with the academic disciplines constituting social science as rigorously separable subjects. The authors believe that the distinctive concepts, methods, and problems of economics, political science, sociology, and related sciences can be more effectively presented in more advanced courses and that what is required in an introduction is a realistic view of our total social scene with emphasis upon the common elements which bind the social sciences together. This is another reason why the authors have chosen concrete problems for analysis in which all of the relevant interests of the different social sciences are brought to bear upon the subject matter.

While the authors have made diligent efforts to incorporate the most recent findings of fact and interpretation into the treatment of the wide range of problems which make up their text, they realize that our social world is in a state of continuous flux and that what is acceptable today may be outmoded very shortly. They have tried to look behind the headlines of the moment and to deal with the basic and continuing problems of our society, from a long-range perspective, exemplifying in the analysis of each problem the characteristic mode of approach of the social scientist. Just as

the work which they now offer in print is the product of many years of experimentation and constant revision, so they expect that the relentless march of events, and their own and others' experience with this text, will call for further revisions in the future. What they now offer, however, represents the product of continuous and fruitful collaboration of many minds, each trained in some one of the social science disciplines and enriched by the experience of many years of participation in a pioneer educational enterprise in the development of the social science course in the Chicago Junior Colleges.

LOUIS WIRTH

*The University of Chicago*  
*August, 1941*

## AUTHORS' PREFACE

This text is designed for a course which introduces the student to the whole area of social science rather than to economics, political science, or sociology as such. It has been evolved over a period of seven years' experience in teaching the social science survey course required of all freshmen in the three Chicago City Junior Colleges as part of their general education. This volume has gone through the rigorous test of experience, first as mimeographed outlines and syllabi and then as a planographed text, of which there have been two editions. The present work represents the product, therefore, of the considerable experience and thought of a group of social science instructors working cooperatively to meet the needs of students in an introductory survey course of the social sciences.

While a survey course must deal with much the same subjects as those taken up in separate courses in the traditional curriculum, it has, however, at least two distinct advantages over the more specialized elective courses of the usual variety.

In the first place the survey introduces the student not merely to a single segment of an area of study but to all the segments. Even if it did nothing more than this, it would have merit, because under the traditional elective system the average student, who does not go on to specialize in the social sciences, would probably become acquainted with only one, if indeed any, of the segments of an entire area. Thus a student might elect a course in economics and complete his college education without having even a speaking acquaintance with political science and sociology.

Secondly, the survey should give the student an appreciation of the interrelationships of the parts of a broad field of study and some understanding of the whole as a unit.

While there has been growing recognition of the advantage of studying the social sciences, no one seems to have been able to achieve an easy synthesis. This text does not claim to have discovered a complete solution for this problem. An approach to



social science, however, which is especially meaningful to the general student and which at the same time facilitates an understanding of the interrelationships between the individual social science disciplines is the so-called problem approach; and that, with modifications, is the approach followed in the present work. As pointed out in Chapter I, the problem approach emphasizes social situations wherein society and the individual are not completely satisfied with the degree to which collective and individual desires are fulfilled. The problem approach is therefore highly functional because it is concerned not merely with knowledge for the sake of knowledge but with knowledge as a means of understanding common social problems and thereby helping to solve them.

So viewed, a survey course in the social sciences should play an extremely important part in the preparation for citizenship in a democracy, where each individual as well as each social group must feel a keen responsibility for meeting the problems of society intelligently, courageously and with a minimum of social friction. That the solutions will be relative rather than absolute makes them no less important.

This text is designed to realize the following objectives: to introduce the student to the problems of contemporary society; to find what groups are most affected by these problems; to show by relevant historical data how these problems came to be and what has already been done about them; and to demonstrate in what way economics, sociology and political science contribute to an understanding and the possible solution of these problems.

Before the student plunges into a consideration of specific social problems, however, it seems highly desirable that he understand the basic factors which underlie most if not all social problems. The first section of the work is designed to present the salient material for such an understanding. Thus, Chapter I on "Social Change and Social Problems" attempts to develop the meaning of social problems and of social change and to point out their interrelationships. An understanding of population and technology, treated in Chapters II and III, is considered so basic to all social problems that a study of these two factors should precede the consideration of more specific problem areas. After these basic factors have been mastered, the student should be prepared to analyze certain specific social problems which, because of their general importance

in the American scene, are deemed significant enough for inclusion in an introductory course in the social sciences.

If because of the limitations of time, or for any other reasons, it is considered wise or expedient to omit certain of these problems to meet the needs of the particular college courses, such omissions may be made without unduly disturbing the continuity of the course, for generally each social problem, while related to other social problems, is also treated as a unit in itself. This should make the text readily adaptable to courses which have a wider or narrower scope or follow a different sequence.

To facilitate the orderly presentation of the specific social problems dealt with, this text organizes them under three broad headings, as follows: "Social Relations and Social Problems"; "The Competitive System and Social Problems"; and "Government and Social Problems." Since the separate departmental disciplines of sociology, economics and political science have a logical unity of their own, nothing is to be gained by an artificial attempt to disguise this fact. Cross references from one chapter to another tend to emphasize whatever significant interrelationships there may be between fields and between problems.

The individual chapters themselves are designed to present each problem in its historical and factual setting. It is always a difficult task to attain a proper balance of factual or descriptive material and generalizations, and it would indeed be strange if each chapter in this volume met the standards of every reader. Where a balance has been only imperfectly attained the instructor can perhaps make the appropriate correction, adding according to his own taste the leaven of generalization or the substance of facts. The bibliographies appended to each chapter will serve as references to additional treatment of the same problems. The bibliographical references have been carefully selected according to the criteria of relevancy, recency, and general availability in most college and junior college libraries. The questions at the end of the chapters are designed to be useful for class discussion, for outside written work and for guidance of independent study. Since adequate understanding of a specialized vocabulary constitutes a problem for many students in introductory courses, the most important technical words or phrases used in the text are listed at the end of each chapter in which they first occur under the heading "Terms to Understand."

The arrangement of the text lends itself to use in both the quarter and semester systems of instruction. In the quarter system the first two sections may be covered in the first quarter, with a section remaining for each of the other two quarters. For practical reasons the text is being issued in two volumes, with each of the volumes suitable for one semester's work. Thus it is hoped that the needs of different institutions may be met by the quality of flexibility which the text possesses.

This text could not have been written without the help and criticism of many persons, some of whom are no longer associated in this enterprise, who have played a part in the building of the social science survey courses in the three Chicago City Junior Colleges. The authors wish to acknowledge in particular the helpful guidance and advice of the Deans of the three junior colleges, John A. Bartky, Dorph Brown, and William H. Conley, who constitute an advisory committee on the social sciences, of which Dean Conley is chairman. To the many authors and publishers who have kindly granted us permission to make use of their materials our sincere thanks are extended. The authors also owe a debt of gratitude to Miss Janet Glamore and to Miss Mary Joyner for their valued secretarial assistance at various stages of the preparation for publication.

A special expression of appreciation is due Dr. Louis Wirth, the publisher's editor, whose wise and tolerant counsel and broad vision have been of inestimable value. For all errors of omission and commission, however, the authors assume full responsibility.

THE AUTHORS

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## PART I

### BASIC FACTORS IN SOCIAL PROBLEMS

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## SOCIAL CHANGE AND SOCIAL PROBLEMS

Some of the apologists for the American economic "system" have claimed all kinds of remarkable virtues for the great depression of 1929-1939. It is said to have stimulated invention, reduced the divorce rate, fostered greater industrial efficiency, taught us the sinfulness of waste in the predepression years, and, best of all, it threw all of us back upon the "higher values." One wonders sometimes how we ever managed to survive as a nation without it and whether, perhaps, a series of bigger and better depressions is not desirable so that we may achieve mental and moral perfection with more despatch.

Whatever be our estimate of the great depression, we will probably agree that as a consequence of it the American people were made to realize as they never realized before the tremendous complexities of the social world in which they live. From day to day and month to month we were confronted with a bewildering array of social problems which increased in complexity as time went on. For the first time many of us became conscious of such problems as unemployment, poverty, national health, housing, and a host of others. For the great mass of those who lack understanding of the social process this could only result in a feeling of hopeless frustration and a desire to escape to that wishful world where problems do not exist. Those who aspire to social leadership, however, will be eager to know something about the nature of social problems, the factors responsible for their appearance, and the possibilities of a scientific approach to their solution. It is with matters such as these that the present chapter is concerned.

**The Nature of Social Change.** The notion that the ultimate ground of the universe is an absolute which maintains its identity through all time and circumstance has been accepted by thinkers at least since the time of the early Greeks. This ultimate "stuff" has been variously identified as fire, air, mind, and so forth, but it was

Heraclitus of Ephesus (560–470? B.C.) who first suggested that the only permanent reality in a changing world is change itself, thereby giving birth to philosophies of change.

Whether the ultimate reality be change or something else, one thing is sure: Change is inevitable. The very fact of life itself guarantees that. Man enters into a dynamic relationship with his environment no matter where we find him; and this dynamic relationship between man and his environment is sufficient in itself to produce change. The physical environment changes from day to day necessitating new types of adjustment on the part of man, which in turn impress themselves on man's environment, so that nowhere is the condition of man completely static.

But what is change? Change and evolution are not the same, for the latter implies a steady development from less efficient forms of life or organization to more efficient forms of life or organization. Nor is change identical with progress. Progress implies change in a given direction, change toward a condition believed by the group to be somehow better and finer. Progress is change oriented toward some end or goal. When we speak of social change we are not thinking of the level of advancement nor of the direction of replacement. We simply mean that because of the dynamic relationship of man to his environment new causes enter in to disturb old modes of adjustment, thereby ushering in new conditions which call for new modes of adjustment.

**Kinds of Social Change.** Social change may be gradual or sudden. In the social code of old China, for example, the elders are held in great esteem and veneration, whereas youth enjoys no prestige whatsoever. This element of the code is countless centuries old, and yet its status is not quite the same as it was, say, a thousand years ago. Though the change has been slight, nevertheless there has been change in the direction of according some prestige, however little, to youth. The social values for centuries have been identified with elders and ancestors. But suppose that as a result of Japanese aggression the survival of the social values comes to depend upon the efforts of youth. Then it is possible that perhaps in less than one generation the veneration for the aged, which remained almost without change for centuries, may recede in favor of respect for youth. Some historians point out that the origins of modern democracy are to be found in the social organization of the old

Anglo-Saxons. The change to modern democracy was so slow as to be almost imperceptible. In countries ruled by dictatorships, on the other hand, social change has been quite rapid. Russia has made itself over from a dominantly agrarian nation to an industrial-agricultural nation in less than a generation. These examples suggest that social change may be radical enough to be revolutionary; or it may be slight. Radical changes and nearly imperceptible changes may proceed side by side within the same culture, but we shall have something to say of this later.

It is well to note at this juncture that revolutionary programs, though directed toward conscious social change, sometimes have the opposite effect of retarding social change. All too frequently such programs arouse such bitter conflict between opposing groups that complete frustration of even mild programs for social amelioration ensues. Each contending group becomes so suspicious of the programs of other groups that in the zeal to test the competitors' programs for their "hidden" radical content, humanitarian ideals of long-standing acceptance are rejected as dangerous. In the long run, it is probably easier to direct social change by working into the faiths and loyalties of the group rather than counter to them.

Social change may be the result of conscious direction, as in the case of Russia cited above, or it may be wholly unanticipated. The change from a rural and agricultural society to an industrial and urban society, sometimes spoken of as the Industrial Revolution, was not foreseen by our forefathers, many of whom doubtless thought that they were legislating for all time. On the other hand, social change respecting the exploitation of child labor has been consciously directed.

The student is to see, eventually, that many of the problems treated herein result from the failure of the nonmaterial culture (which includes such things as folkways, moral codes, institutions, manners, laws, beliefs, ideals, language, systems of thought, and the like) to keep pace with the changes in the material culture (weapons of all kinds, tools and machines, radios, telephones, typewriters, canoes, houses, clothing, and so on). Now it frequently happens in societies characterized by widespread and rapid social change in the material culture that the nonmaterial culture, much of which has developed expressly in response to man's use of the material culture of the past, remains relatively static. In the last



fifty years machines have been devised which enable man to produce goods in superabundance, yet the ideas, beliefs, and customs related to the distribution of goods have changed hardly at all. The invention of laborsaving machines is not at once accompanied by changes in our habits and hours of labor.

Each new departure in the material culture ("technological progress," if you will) affects every area of the nonmaterial culture to greater or lesser degree, although changes in the latter may also proceed independently of changes in the former. The process may at times be slow; nevertheless any fundamental change in the material culture eventually flows over into the realm of religion, manners and morals, and institutions. In our culture, the rise of a highly specialized machine technology was followed by a shift in the population from rural dispersion to urban concentration. The first situation was rich in face-to-face relationships and intimate personal contacts; the second is characterized by hurried touch-and-go contacts and impersonal relationships. The "Love thy neighbor" and the "Feed the hungry at thy door" of the rural and small town society are replaced by the "Business is business" and "In God we trust; everybody else cash" of the urban society. Compensation insurance replaces the personal responsibility of the small manufacturer and plantation owner; organized social work takes the place of warmhearted personal charity.

With the establishment of machine technology, the workday is reduced from fourteen hours to twelve, then to ten, and finally to eight, and leisure time descends to the masses. The need for recreational outlets gradually invalidates the ecclesiastical bans on dancing, card playing, and kindred activities once stigmatized as "the sins of the rich," and the vices of the classes become the virtues of the masses.

Nor have intellectual elements remained unaffected by changes in the material culture, although the effect here is perhaps more indirect. With the triumph of the Industrial Revolution the theory of democracy routed that of aristocracy, and in the process, notions of scientific care and rehabilitation gained the ascendancy over ideas of individual responsibility in the treatment of the socially inadequate — the poor, the insane, the criminal. In the realm of education, developmental concepts are substituted for theories which call for the suppression of "animal tendencies." Though

the connections between such changes as these and changes in the material culture are sometimes obscure, and perhaps occasionally nonexistent, the essential point is that society functions as an organic whole. Change in any one phase of the culture may be expected to be accompanied by changes in any or all of the others.

**Factors in Social Change.** The long history of mankind is a continuing story of social change in which at least four sets of factors have been at work. mental factors, material conditions, collective action, and invention.

It was the philosopher Hegel who first popularized the notion that social change is the outgrowth of ideas. Ideas, Hegel thought, arise spontaneously in the mind, and then work themselves outward to objective reality, thus giving rise to changes in material and social conditions. As far as Hegel was concerned, the idea was all-sufficient to explain the fact of social change. But since Hegel was the fellow whose weighty proof that there could not be more than seven planets was published just one week before the eighth was discovered, perhaps we had better not take him too seriously. The student will be able to recognize in this rigid insistence on the exclusive role of the idea an example of the particularistic fallacy discussed elsewhere in this chapter. Modern psychology knows nothing about ideas which "arise spontaneously in the mind." It would seem as if all ideas are the products of some kind of external stimulation. Perhaps Bertrand Russell is right in suggesting that the "idea-men" are thought to have caused changes when they merely have been foreseeing them a little sooner than the rest.<sup>1</sup>

Ideas do affect social change of course, and those that do fall into two main classes: ideas based on the observation of material conditions, and ideas which have their origins in the mental and emotional states of men. It is said that geometry as a system of ideas goes back to the material conditions of ancient Egypt which, by the way, were in many respects similar to those of modern Egypt. The annual flooding of the Nile erased the manmade landmarks and made rigid boundaries almost impossible, thereby giving rise to much internecine strife. The conception of geometry arose to supply a system of land measuring and boundary marking which would be independent of the annual floods, and which at the

<sup>1</sup> "The Role of the Intellectual in the Modern World," *American Journal of Sociology*, XLIV 491, Jan., 1939

same time would make for some semblance of continuing social order.

The second class of ideas which affect social change arises from the fears, wishes, hopes, loves, hates, and aspirations of men. Such ideas are called "ideologies" or "social myths." The communist doctrine of the classless society, for example, probably arose in response to the oppression of the masses by the upper classes. Incensed over his subordinate position, someone conceived the notion of a social order in which no division on the basis of superordination-subordination could exist. Even though we decide that the idea of a classless society is a myth and cannot exist in reality, that does not prevent such a notion from wielding tremendous influence in social change. The far-reaching changes taking place in modern Russia, Italy, and Germany are in part due to the impact of ideologies upon the emotions of people — and the emotions are dynamos which set us in action, anyway. As to which of these types of ideas is the more important it is hard to say. Perhaps it is safe to conclude that in one epoch and in one particular society ideas of fact enjoy priority, whereas at other times and in other societies wishful ideas are the more important. At no time, however, is the one operative to the exclusion of the other. Such a notion betrays a type of static thinking which better becomes the zealot than the social scientist.

Some reference has already been made to the impact of material conditions upon social change. The disappearance of buffalo grass from the western plains as a result of wheat culture gave rise to the dust storms of a few years ago. The consequent wind erosion necessitated a complete reorganization of the life of the people of the entire area. New ways of doing have come into being which stress collective action as against the individualism of a decade ago. There is some reason to believe that a celestial dust cloud caused by the disintegration of a small planetary body was responsible for the last ice age in Europe and North America. If such a phenomenon were to occur again, can you imagine the changes which would have to be made in our society in order to cope with the new situation? The modern followers of Karl Marx are emphatic in their assertion that similar changes in material conditions are the cause of social change and, indeed, of all of the *ideas* of social change to which the disciples of Hegel ascribe priority. Further discussion

of this point would only involve us in a controversy, which, like those interminable hen-or-the-egg arguments, generates great heat but little light.

Collective action, usually in the form of legislation, is not without its influence on social change, although it is perhaps safe to say that its influence is rather indirect than direct. Restrictive legislation may and does retard social change, but the forces making for change are like a leaven: they keep working and seething underneath and eventually break through the legislation either by flanking it or by negating it. Not only may legislation retard social change; it may accelerate it somewhat, just as modern labor legislation accelerated the development of machinery and institutions for the settlement of labor disputes. To be effective in social change, legislation must be grounded in the folkways, or the established and accepted ways of doing and believing that have grown up among a people, otherwise known as "custom." If it is anything more than what people have come to want and expect, it is sure to fail. The failure of the Prohibition legislation of 1919-1932 was due to the fact that it did violence to popular and long-established practice.

The fourth set of factors influencing social change has to do with inventions. Though perhaps not so important as material conditions as a cause of social change in the past, today invention is probably the most important factor in the process of social change.

Few are aware of the signal part played by the invention of gunpowder and the flintlock in revolutionizing man's social relationships. That these twin inventions changed the art of warfare is common knowledge, but what is really more striking is the fact that in a very real sense modern democracy owes much of its impetus to these inventions. The flintlock almost at once had the salutary effect of leveling the distinctions between knight and yeoman. The rigid stratification of social classes inherent in feudal society was maintained largely by the superiority of the mounted iron men. Foot soldiers could not stand before them, and inasmuch as armor and chargers were expensive, the control of society fell into the hands of the powerful few. The flintlock changed all this. The foot soldier now became the equal of the lord on horseback. Indeed, the belted knight, however well armored, was no match for the sniper armed with gun and powder and ball. And so knighthood

fell into decay and was finally put to flight, not alone by the sword or flintlock, but by the pen — of Cervantes.

The first effect of the invention of powder and flintlock was military, but soon the derivative influences began to appear. As the knight was deflated on the battlefield, so the lord was gradually relieved of his power at home, for the common man, having won a new self-respect, began to assert that self-respect in the demand for a share in national decision — and finally got it. Firearms had made impossible the holding of the peasant in fief any longer. And with the extension of political power to the yeoman came new forms of governmental control and political organization. Indeed, once started, these changes reached shadowy fingers into every realm of human behavior and left no area untouched, even as modern technological inventions first affected economic practices and then expanded their influences to the whole fabric of habits and institutions.

Consider some of the changes which have attended the invention of the automobile and the electric light! In one social area alone, that of the love mores and folkways, the changes have been striking. In less than one generation the automobile has destroyed supervision in courtship; the chaperon is now a museum piece. Concomitantly, cheap electric light has given us the midnight show and dance hall. The result has been a pushing of the dating time from the 7:30 P.M.—10:30 P.M. of a generation ago to the 10:30 P.M.—1:30 A.M. of today. We start out on our date just about the time our parents would have been kissing good night! How the patterns of love-making have changed in consequence can be left to the imagination of the student which, in this field at least, is unusually fertile.

**Resistance to Social Change.** Social change never proceeds without opposition, not even in the most dynamic of societies. A variety of forces are constantly at work to hold back the tide of progress. Much of this opposition stems from misdirected religious faith and zeal, as White's two volume work on *The History of the Warfare between Science and Theology* eloquently testifies. The deadening effect of peculiar religious notions can be gleaned from the experience of a tourist in Egypt quite recently. He was amazed to observe babies-in-arms with their eyes a seething mass of flies seeking moisture. To his question as to why the mothers allowed

such a condition to exist, his dragoman calmly replied, "Friend, why bother yourself about so small a matter! Do you not know that if Allah didn't want the flies in the babies' eyes they would not be there?" It is a peculiar faith indeed which holds that anything man might do can upset the divine plan!

A second factor in the resistance to social change is what has been called "psychic nostalgia" — mental homesickness. Our established habits are just as much a part of our personalities as is our physical body, and being so are worthy objects of our self-esteem. If anyone doubts that people get homesick for the old familiar beaten mental paths, let him watch the man who has forgotten his pipe — or better still, who is trying to give up smoking. Habits, once established, tend to be performed automatically in the presence of the appropriate stimulating situation and any effort to inhibit them leads to the arousal of such severe tensional states as to result in a definitely unpleasant feeling tone. So we yearn to perform our old habits and vigorously resist having to learn new substitute ones. Certain religious bodies are acutely aware that habits once established tend to be self-sustaining, and so religious instruction is concentrated in the most formative years. People give up old habits only when their retention is more unpleasant than the learning of new ones. The immigrant woman who does her washing with a washing machine for the first time may have to do it all over again by the old hand methods in order to gain peace of mind.

Resistance to social change which stems from long habituation is frequently rationalized in terms of virtue. Older folk, and particularly older immigrant folk, oppose the use of machines which lighten domestic drudgery on the ground that their use only encourages laziness and indolence. "No hard work never hurt nobody."

The conflict of new social forms with old social values engenders resistance to social change. As any system of social organization becomes more and more complex, the need for systematization becomes more insistent. Thus when a business enterprise, for example, moves from the individual or partnership stage to the corporate stage, a planning board known as the board of directors is set up to organize the expanding activities efficiently. No one would think of referring to this as bureaucracy, and yet that is precisely what it is. The essence of it is a better division of labor and assignment of responsibility. This social invention, though thor-

oughly acceptable in the world of business organization, can be exploited by government only in the face of stubborn opposition and sharp criticism. The reason is that bureaucracy has become associated with collectivist states and there is no room in the hierarchy of values of a capitalist democracy for anything that savors of collectivism. It is better for the government to function inefficiently than for it to function efficiently with collectivist devices. When the corporation uses the devices, somehow it isn't collectivism. So it was that when the New Deal organized new governmental departments to cope with new problems more efficiently, the cry of "bureaucracy" was heard from members of both major political parties, and most vociferous were those who would not dream of running the corporations with which they were connected without the aid of the device we call the "department" or "bureau."

**Social Institutions.** The sheer rigidity of social institutions is a prolific source of resistance to change. To get the full import of this it is necessary that we be clear as to what we mean by "institution." Suppose we begin by saying that institutions do not exist outside of the skins of people. Such paraphernalia as houses, orphanage buildings, and church buildings are not institutions; they are merely the external devices of institutions and serve the function of providing specialized environments for the exercise of institutional behavior.

Institutions are habits: habits which every member of the group has in common with every other member. Therefore they are social or collective habits. They originate as a result of long trial and error on the part of the group and are considered the most satisfactory means of satisfying the needs of the members of the group. The gratification of sex needs, for example, is best achieved through the institution of marriage. The institution guarantees sex gratification to qualified persons, and at the same time protects the group from the chaos of sexual promiscuity. Suppose for a moment that there were no institutions of marriage, that there were no socially recognized "right" ways of gratifying sex needs! Could there be social stability, personal safety, regard for the rights of children, and security for both women and children?

Institutions, then, are collective habits, existing only where people dwell in association, and being so they represent elements of what we have called the "nonmaterial culture" to distinguish it from the

"material culture," although the distinction is more convenient than real. Institutions, because of their habitual nature, are inclined to be inflexible and tenacious. But more than this: because they have achieved sanctity in the eyes of the group and are believed to condition its survival, he who would suggest a change in the hallowed institutions must be a dangerous madman and a menace to the group. The student should not confuse institutional behavior with the folkways and the mores. Like institutions, these too are of customary origin; but unlike institutions, they are not concerned with the satisfaction of basic human needs, at least not directly. The folkways are those social habits to which no compulsion is attached. One may do violence to the folkways and suffer no censure beyond mild ridicule. Eating with chopsticks or knives and forks, shaving, shaking hands with friends, are folkways. The mores (singular, *mos*), on the other hand, are those social uniformities to which moral connotations are attached. Social disapproval or even ostracism attend the violation of the mores. It is against the mores to gratify basic needs outside of the approved institutions, for example. In our culture it is in the mores to respect one's elders, to honor the flag, to support aged or destitute parents.

The fact that we are inducted into the institutions from childhood on impresses upon us an attitude of conformity, where these social habits are concerned, in the light of which we come to look upon nonconformity as vulgar and even despicable. This attitude of conformity keeps our noses to the institutional grindstone even when to do so works a definite hardship upon us.

It is more than likely that when an institution works a hardship upon one individual it does so upon others too if he but knew it. We are all of us ignorant of the real feelings of others toward institutional conformity; so we say nothing for fear of being criticized. The situation is much akin to that of the group of boys in the haunted house. Each of them is miserable with fear and would like very much to go home, but none of them knows how the others feel about it. This "pluralistic ignorance" leads each to suffer near heart failure rather than lose face by being the one to suggest going home.

**Vested Interests.** Finally social change is impeded by vested interests. Not infrequently those who benefit unduly from the persistence of an outworn institution form a protective alliance



with those who participate in the institution in an official capacity, so that institutional change can come only with revolution. The tsars are said to have formed such an alliance with the Russian Orthodox Church. The state paid the priests their salaries and in return the church, through superstition and intimidation, kept the masses docile toward the state. Though such a situation is probably more the exception than the rule, vested interests have been powerful in obstructing social change. The story of the opposition of powerful interests to the coming of the railroad, the steamboat, the telephone, the telegraph, and a host of other really worth-while inventions does not make pleasant telling. As soon as it became evident that the telephone was to be a serious competitor of the telegraph, the telegraph interests left no work undone to discredit and obstruct the acceptance of the telephone. That delightfully efficient cure for the dread condition known as "gaposis," the zip fastener, was invented in the last century, but was shelved by the button manufacturers until quite recently.

Prejudice, fear, slavish adherence to absolutistic principles, habit, custom, vested interests and a host of other factors have played a part in the resistance to social change. Instructive as this topic is, it has been adequately treated by many writers and we must move on.

**Differential Rates of Social Change.** Social change proceeds at different rates in different societies. At the one extreme we might place modern American society and at the other the societies of the tribes of Central Australia. The tempo of change is much more rapid in America than in Europe, and much more rapid in Europe than in Asia. Even in the twentieth century large areas of Egypt and Palestine, countries which lay on the crossroads of empire, still use the agricultural techniques of the time of Jesus.

Social change is slowest in isolated societies. Lack of contact with the outside world leaves no chance for either culture diffusion or culture cross-fertilization to take place, and inasmuch as for such societies the environment remains relatively constant, culture growth by accretion is extremely slow. Such societies are known as "static" societies. Few genuinely static societies exist today because the white man has penetrated even the most inaccessible regions of the world, taking his culture with him. Where they do exist they exhibit some very definite characteristics. There is an almost com-

plete prescription of behavior. Social inheritance supplies the individual with patterns of adjustment for every conceivable situation, and since the environment is relatively constant, the possibility of new situations arising is remote.

In the static society social stratification, or the division of people into distinct classes, if there be any, and the assignment of personality status are inflexible. The social controls are rigid and cover every area of behavior. Social direction is vested in the persons of the elders, who, consequently, enjoy great prestige and veneration. Innovations are taboo because they are believed to threaten the group welfare by offending the ancestors or the gods. The techniques of adjustment have long since been worked out and no further trial-and-error is allowed. The social end is the preservation of society as it is.

Security for the individual is at its highest value in the static society because each has his role laid out for him. If one starves they all starve; if one eats they all eat. Little wonder that such societies remain unchanged for centuries, and for reasons which we shall see presently, they have no social problems in the sense in which we have them.

Dynamic societies are everything which static societies are not. Culture diffusion and cross-fertilization and invention combine to introduce new culture elements into the society, thus contributing to rapid and continuing social change. In the extreme case there are few effective controls, little prescription of behavior, flexibility in social stratification, and a high estimate of youth. By virtue of the fact of social change itself, security for the individual is apt to be at a low level. He may be rich today, poor tomorrow; married today, divorced tomorrow; employed today, unemployed tomorrow.

The important observation concerning dynamic societies, at least from the standpoint of social problems, is that they exhibit different rates of change as between the different phases of culture. One part of the culture may remain relatively static while another part changes rapidly. Egypt has a modern army, for example, but an ancient agricultural technology. Ogburn has pointed out that in modern societies scientific discovery effects changes first in the economic institutions; later come changes in institutions one step removed from these — family, church, and so on, and finally in

social philosophies and codes.<sup>1</sup> An illustration of this disparity in rates of change may be seen in the fact that the general acceptance of the department store as a business device was not immediately attended by a change in the code of etiquette which governed contacts between the sexes. Men gallantly let women precede them through revolving doors and into elevators until they got tired of waiting for the procession to end. Somehow chivalry and bargain basements were not made to be bedfellows.

In dynamic societies, then, it not infrequently happens that in respect to one phase of culture, individuals will be as up-to-date as the morning's milk, and yet in another be trailing the heels of Neanderthal. Former President Hoover, for example, was quite modern in his display of material culture, but in his efforts to deal with the mass destitution of 1930-1932 he could do no better than to call upon the principle of "local responsibility" — a device invented during the girlhood of Queen Elizabeth!

**Culture Lag.** The disparity in the rates of change in the different phases of culture is known as a "culture lag." It might just as well have been called a "culture advance," or a "culture disparity." The student is doubtless more interested in the factors responsible for it than in the labels used to describe it. Of these factors the dynamic nature of material culture ranks near the top as an important cause. Once change through invention be accepted in any society, then the process begins, and increases at an increasing rate as time goes on. Perhaps just one or two simple material inventions are accepted at first, but soon inventions are appearing by the dozen, then by the hundreds, and finally, as in the case of inventions in our own country, by the thousands; for inventions beget inventions in ever-increasing numbers. "In 1851-1855, 6,000 patents were granted in the United States; in 1885-1890, 64,000; in 1901-1905, 143,000; and in 1926-1931, 219,000."<sup>2</sup> Not only is the number of inventions increasing in snowball fashion, but their output efficiency is also increasing in this fashion. Simple machines have given way in turn to complex ones, complex ones to semiautomatic ones, and semiautomatic machines to completely automatic ones. Corresponding to these shifts, workers have been displaced by the

<sup>1</sup> President's Research Committee on Social Trends, *Recent Social Trends in the United States*, 1-vol. ed., McGraw-Hill Book Co., Inc., New York, 1933, p. xiii.

<sup>2</sup> *Ibid.*, p. xxii

tens, then by the hundreds, then by the thousands, and finally by the hundreds of thousands, without any appreciable changes being made in the nonmaterial culture to take care of these new situations. And the end is not yet.

This dynamic nature of the material culture throws into sharp contrast a second factor in the cause of the culture lag. Invention in the nonmaterial culture is extremely scarce, so that adaptation to the new conditions created by a rapidly advancing technology is slow and laborious. New ways of ordering our economic adjustments in response to the utilization of automatic machinery are yet to be invented. In the meantime we shall continue to have millions unemployed and on relief rolls.

The degree of relationship of the nonmaterial culture (government, religion, and so on) to the material culture may also be considered causative in the culture lag. Economic institutions are much closer to the material culture than are governmental institutions; so we can expect changes in the economic realm ahead of changes in the governmental sphere. The American commonwealth has changed its economic institutions somewhat in the last fifty years, but our governmental devices have changed relatively little. In the days of the horse and buggy it was quite a sensible thing to have a state broken up into some forty or fifty counties. Such a system of political division permitted the citizen to reach the county seat via horse and buggy and return home the same day. With the coming of hard roads and rapid transportation the present county organization of our states is expensive, inefficient, and clumsy. So far all our efforts to change it in favor of a modern system have failed. Our material culture does not touch these governmental divisions directly enough. This remoteness of contact between the material and the nonmaterial cultures is exemplified further in the hidebound character of law and religion. These are perhaps the slowest to change of all phases of culture. The law places precedent above justice, while religion places ritual above righteousness. The aim of both, all too often, is consistency with the past (or future?); and so they complicate adjustment to the material culture.

A fourth factor associated with the culture lag has a distinctly psychological basis. One's contacts with the material culture are more often an individual rather than a social matter, whereas one's contacts with the nonmaterial culture are invariably a group matter.

Men will change their modes of working sooner than their modes of living, if only because one is more apt to be alone at his job, whereas his mode of living involves the group. It is a common observation that the immigrant will readily adopt our occupational skills, but reject our habits, institutions, and standards of living. Thus habits of consumption are far more abiding than habits of production. E. A. Ross has well said "what we can quit individually we will quit sooner than what we can quit jointly."

Nor can the scale of social values be neglected as a factor operative in the culture lag. The mores, the customs, and the institutions in which one participates come to have a connotation of "rightness" for him. Any deviation is sinful and immoral simply because these elements of the nonmaterial culture hold a cardinal position in the hierarchy of values. Not infrequently they are intimately tied into other elements of the nonmaterial culture, such as religion, and thereby come to have the sanction of the Deity. In the thinking of some religious bodies, marriage is made by God and therefore neither its form nor its duration can be changed by man. The tenacity with which people hold on to outworn social forms is usually a reflection of the importance accorded those forms in the scale of values.

**Culture Lag and the Genesis of Social Problems.** It has been intimated in a previous section of this chapter that social problems arise only in societies characterized by disparate rates of change in the several phases of their culture. In this section we shall point out more specifically how social problems arise out of this disparity.

At the outset it is well to remember that man effects his adjustment to his basic needs through the medium of social institutions. The institution of marriage, for example, surrounds the gratification of sex needs. As long as the institutions work reasonably well in meeting the basic needs of sex, food, shelter, and so on, no social problems arise. It sometimes happens, though, that changes in our material culture either make the old institutions unworkable or create new needs and new situations calling for the establishment of new institutions. It is out of such situations that social problems arise and they will persist until new institutions come into being, or until the old ones have been sufficiently modified to meet the new conditions.

While the adjustments in the nonmaterial culture (institutions,

beliefs, and the like) are being made on the basis of trial-and-error, man is not inactive; he does not conveniently go to sleep until the situation has been ironed out to his satisfaction. On the contrary, he goes right on living and satisfying his basic needs in whatever ways he can. If such satisfaction lies outside of the prescribed institutional forms, he is guilty of "sin," "immorality," or "crime," for these are the words used to describe extrainstitutional behavior. If the type of behavior which he works out for himself comes to be accepted by the group, then his behavior is no longer sinful, immoral, nor criminal, for a new social norm, in the light of which his behavior is judged as good or bad, is established. Thus do the vices of one generation become the virtues of the next.

A few illustrations will clarify this relation between social change and social problems. When an advancing material culture (technology) suddenly conferred upon us a new era in leisure time, there were no institutions existing for the direction of leisure-time activities. The educational institutions were caught wholly unprepared, and it is only recently that they have begun to direct their programs toward the constructive use of leisure time. In the meantime, however, the commercialized agencies of leisure and recreation expanded to fill the gap, thus meeting a genuine social need. Whether they met it in the best possible manner is beside the point for the moment. Commercialized forms of recreation have existed for centuries, and they can be expected to assume once more their proper place in our hierarchy of values just as soon as our educational institutions prepare us for a more constructive use of leisure time. Only then will the problem of commercialized recreation be solved — if it is a problem.

The enthronement of a competitive economy has created a series of new conditions in the realm of economic activity. The waste involved in the distribution of milk is proverbial. Cooperation and collective action could eliminate most of the waste, but in the light of the values of a competitive economy any form of collectivism is "bad," especially if it be fostered by the government. What often happens is that racketeers muscle in and force cooperation upon the distributors. The savings thus effected instead of being passed on to the consumer are pocketed by the racketeers. For a long time no social action is taken because the government must not engage in that sinful behavior called "collectivism." Finally, however, as the

demands of the racketeers become increasingly oppressive, the government must step in to protect the public from the gangster, and then the collectivism, now enforced by the government instead of by the racketeer, becomes "right" and "moral," and the problem of racketeering is solved.

The situation is more striking and not less fascinating in the realm of sex gratification. Sex needs must be gratified through the institutions of marriage, so our code decrees, and as long as it is possible for everyone to get a job it is also possible to get married and settle down. But when technological unemployment makes work and marriage impossible, do sex needs go ungratified? Of course not! Sex needs are met in other than institutional ways, and so arise the problems of sex immorality and prostitution, perhaps to be solved by so modifying the institutionalized form of marriage to permit people to marry when they wish to, regardless of their employment or lack of it. Some such modification is already under way, for the number of young people who marry and still live with their respective parents and the number of young couples in which the wife continues to work after marriage appears to be increasing. In like fashion, if the needs for food and shelter are not met by the prevailing economic institutions then arise problems of poverty and crime.

The solution of social problems would seem to be a simple matter now that we know the basic causes. For reasons already discussed, however, it is not so simple. In some societies attempts have been made to change the institutions by force, that is, to *make* people change their ways of doing. Russia, Italy, and Germany have tried this with varying success. Without espousing the cause of dictatorship, one might point out that if people are to be left to make their institutional changes in their own good time, our problems might become worse inasmuch as the tempo of change in our material culture is "on the loose." The problem of finding a rapid and effective means of adjusting the phases of culture to each other and thus reducing the culture lag is still unsolved.

**The Nature of Social Problems.** In a sense, social problems are always individual problems since they involve the maladjustments of individuals. They are social by virtue of the fact that they involve such large numbers of individuals as to be considered a threat to the group welfare and survival either in a primary or secondary sense: in a primary sense when the adjustment of the group is immediately

at stake; in a secondary sense when the welfare of the group is threatened by a reversal of its values or by a failure to realize the accepted values.

If social problems are always problems of individuals, it does not follow that problems of individuals are necessarily social problems. The rare blood disease, haemophilia, is an individual problem; but inasmuch as it affects only an insignificant fraction of the population it is not a social problem.

Nor are problems of special groups social problems. Large corporations may select problems for themselves such as the shipment of freight by strato-liners, or harnessing the energy of the tides to production processes. But these are not social problems because there is no recognized element of threat to the welfare of the whole group.

The recognition of social problems by the group suggests another factor in the nature of social problems. In order to react to a social condition on a conscious collective basis a group must have some standard in the light of which the condition is adjudged a menace; otherwise the condition must remain merely a condition. Fifty years ago venereal disease was not a problem in the United States although there probably was as much of it then as now. The group standards simply forbade any recognition of it. With a change in the group values, however, it became respectable to think intelligently about venereal disease, and so it emerges as a problem. In like manner, cruelty to animals was not considered a matter for group action some generations ago. The descriptions of bearbaiting, bullbaiting, and dogfighting which have come down to us from the time of Shakespeare disgust the modern man. Yet a Spanish visitor to England in the seventeenth century reported that the English were a great folk for wit and humor. He had never laughed so much in his life as he did one Sunday afternoon when he was taken to see a pony with a monkey tied to its back turned loose to be baited by a pack of dogs. The screams of the monkey and the efforts of the pony to escape the dogs brought roars of merriment from the spectators. Our reactions to this bit of barbarism might well be those of our grandchildren when they read of the prize fights and bullfights of our day.

It is the conscious application, then, of group judgments or social norms to social conditions which define for us our social problems.



What isn't recognized as a problem doesn't exist as a problem. The situation is somewhat analogous to the Queen of Spain's legs. On one of her visits to the Netherlands, Queen Isabella of Spain was asked to accept a beautiful pair of stockings as a token of the esteem of the solid Dutch burghers. The good burgomaster who made the presentation couldn't know that in Spain it was considered the height of sexual indecency to think or speak of the queen's legs. The situation was tense until the queen's chamberlain, with almost uncanny presence of mind, informed the good man that "the Queen of Spain has no legs." What we can't recognize doesn't exist.

The group norms or judgments are never constant. In our society what constitutes cruelty and barbarism has undergone many changes. Decapitation was at one time abolished in Germany as a barbarous method of capital punishment. It has been reinstituted under the Nazi regime. A rise in the norms or standards is sufficient to bring a social condition into the focus of a social problem just as a lowering of the norms erases social problems. School failure does not become a serious problem as long as the passing grade is 60. When the passing grade is raised to 90, a problem develops.

This relativity of social problems to the prevailing culture norms needs further elaboration. Conditions which are interpreted as constituting problems in our culture may not be so interpreted in other cultures. Malnutrition is a serious problem for certain groups of Americans in the southern states, but not even mass near-starvation is considered a problem among the peoples of certain regions of China. Such a condition is a part of their culture expectation; the idea that anything can be done about it hasn't entered their minds. They are not aware that there are people who have faced similar conditions and conquered them.

Social problems are relative to time as well as to place and culture. What is a problem in a given society in one epoch may not be so in another, as we saw above. Nonattendance at church was a serious enough problem among the Puritans as to have harsh penalties attached to it. They just knew that if such loose behavior were permitted to persist without social disapproval the entire social order would be consumed in the fumes of the Divine wrath.

Moreover, social problems are relative to the state of our knowledge. In the Middle Ages when the Black Death swept away a third of the population the luckless peasants crowded the churches

and cathedrals for hours on end seeking Divine favor — and so spreading the disease to even more people.' The state of their knowledge precluded any insight into the problem of contagion and infection. In our day, when epidemics threaten, we promptly close the churches, schools, and theaters.

The social situations which serve as the seedbed of social problems are said to be products of group life; but they are not necessarily so. Cancer is a social problem; but so far as is known cancer is not a product of group life, although it is true that its recognition as a social problem does depend upon group judgment. And this suggests that the recognition of a social condition as a social problem carries with it the implication that the group is conscious, too, of its responsibility for the solution of the problem. This is the meaning of the voluminous discussion which always precedes and accompanies an attack upon a problem.

Social problems never exist in isolation. They are the interlocking aspects of every dynamic society. Poverty, for example, is interrelated with crime, prostitution, insanity, venereal disease, and alcoholism both as cause and effect. Any alleviation of any one of these problems has repercussions in every one of the others. Charles Darwin's delightful illustration of the interrelatedness of nature might well be taken to illustrate the interrelatedness of social problems. Red clover, says Darwin, is fertilized by bumblebees. The number of bumblebees is determined by the number of mice which destroy their nests and eat the combs. And the number of mice is determined by the number of cats which prey upon them. So there is an intimate relation between cats and red clover. A similar web of ramifications exists between social problems.

Finally, social problems are dynamic in character; once started they develop and ramify until they touch every phase of the social order and almost every class of the population, and they keep getting worse until social action is directed toward them.

**Types of Social Problems.** Social problems are legion and their classification is itself a minor problem with which we shall not be concerned here. Our object is merely to mention some of the major areas in which problems appear and to enumerate a few of the typical problems in each.

First of all, there are problems related to the broader institutional processes. The administration of justice provides a problem because

of the necessity for swifter justice. Our juridical machinery was fashioned by men who had suffered under the heavy hand of British officialdom. In their zeal to protect the common man from the arbitrary powers of a monarchic state, the early colonists granted every conceivable advantage to the accused and placed every conceivable obstacle in the way of the state. This system, though well intentioned and reasonably efficient in a simple society, has resulted in the frustration of justice in a highly complex society. Problems of government generally have become more pressing with increasing social differentiation.

Another series of problems is intimately related to our domestic institutions. Marital discord, which eventuates in desertion, separation, or divorce, is of particular concern at the present time. Out of it develop problems involving the care of stranded children, infant health, and child welfare. There are problems of childlessness, care of the aged, the economic support of the family, and a variety of others.

Some of our social problems have their roots in the physical environment. The recurrent floods of the Ohio-Mississippi have called forth a national program for soil conservation and flood control. The problem of soil erosion in southern Illinois alone is considered so serious a problem to the nation that the Federal government has projected a program for its alleviation to extend over forty years and costing millions of dollars. The severe droughts and dust storms of recent years have necessitated the resettlement of thousands of families and the readjustment of those that remain. The exhaustion of mineral deposits, coal and oil, in certain areas gives rise to the problems of stranded populations and their rehabilitation.

The breakdown of traditional social controls is sometimes attended by the rise of social problems. Crime, drunkenness, prostitution, race prejudice, and perhaps propaganda, belong here.

Perhaps the most serious social problems derive from the malfunctioning of the economic system. Unemployment, poverty, housing, labor conflicts, and the unequal distribution of income have enjoyed the spotlight of public attention since 1930.

Some of our problems, finally, have their roots in biological sources. These include problems of quality and quantity of population, the control of communicable diseases, the preservation of

public health, physical defectiveness, and to some extent feeble-mindedness and mental disease. This inventory is in no sense exhaustive either in terms of the general categories or in the specific problems mentioned, but enough has been said to indicate the scope and variety of social problems in our society.

**Criteria for Determining the Significance of Different Social Problems.**<sup>1</sup> Obviously, not all social problems are of equal importance. Some are mild in their effects; many are serious. In the body politic there is wide disagreement as to which of the long list of social problems is the more serious. During the worst years of the depression even trained social workers had difficulty deciding whether the problem of the "new poor" (wealthy and hitherto self-sustaining folk who had been made destitute by the depression) was more or less serious than the problem of mass unemployment. The decision as to which of our problems is the more serious is of great practical importance because it will determine where the heaviest attack will have to be made by the forces of social melioration. Unless some criteria be set up, we shall lose much time and energy deciding just where to begin in our attack upon social problems.

Inasmuch as any set of criteria erected will have relevance to a particular culture, it is well that we list those social values upon which there is more or less general agreement in our culture, and which are most likely to be challenged by the appearance of specific problems. The social system under which Americans live is known as "democratic liberalism." The social values or norms of this system include consideration for the following: (1) The material well-being of the population as this is measured in terms of goods and services. (2) The psychic and emotional health of the group, which involves such elements as freedom from worry and anxiety. (3) Freedom of economic and social opportunity including the right to make our own vocational choices. (4) The right and opportunity to participate in social decision through representatives of our own choosing. (5) A functional freedom of speech, press, worship, and association. (6) The right to defense before the law. (7) The priority of law and order over individual whim and caprice.

Assuming the above list as the pivotal points in our hierarchy of

<sup>1</sup> Adapted from Louis Wirth, *c*<sup>1</sup> *Contemporary Social Problems*, University of Chicago Press, Chicago, 1940, pp. 5-6.

values, what criteria might we posit for the determination of the significance of social problems? The following would seem sufficient and adequate: (1) The extent of the deviation of the problem condition from the accepted values. In what sense and to what extent, for example, is freedom of speech limited? (2) The number of values from which the condition is a deviation. Poverty, for instance, limits participation in a greater number of the values listed above than does cancer or prostitution. (3) The location in the value-hierarchy of the value from which there is a deviation. Does material well-being rank above freedom of speech? If it does, then the social condition which limits the right to work is more serious than that which involves political oppression. (4) The number of persons affected by the condition constituting the problem. Malnutrition, on this basis, is a more serious problem than infantile paralysis inasmuch as a greater number of people are affected by it. (5) The duration of the condition. Mass drunkenness, for example, has been recognized as a serious condition for several generations, whereas drug addiction in its problem aspects scarcely antedates the First World War. (6) The spatial extent of the problem. A problem which is peculiar to a special area is hardly likely to be as serious as one which is nationwide; hookworm in the southern states as against venereal disease, for instance. (7) The degree to which the problem aggravates other problems with which it is interrelated. Unemployment aggravates the problems of crime, prostitution, malnutrition, and many others to far greater extent than does insanity. (8) The relative ease or difficulty with which the problem can be solved, considering available resources of knowledge, money, and personnel. (9) The degree to which the general population is conscious of the problem. If the populace is not insistent in asking for a change, then the problem is not highly significant.

The use of criteria such as those suggested in the preceding paragraph serve to give direction and incisiveness to any attack upon social problems. In the light of them such trivia as cleanup crusades and crusades against salacious literature might come to be considered a relative waste of time, energy, and wealth.

**Approaches to the Study of Social Problems.** Inasmuch as social problems touch every member of the group more or less directly, it is to be expected that almost everybody will have some theory of the origin and nature of these phenomena. Divergence

of opinion here is wide, but the theories concerning the genesis of social problems generally fall into two main classes; nonscientific and scientific.

The oldest approach to the understanding of social problems is, of course, the theological. According to this approach social problems have their sources in factors beyond the direct control of man himself and are therefore incapable of real solution. Problem situations are thus said to exist either to glorify the Deity or they are an expression of the "demoniac" nature of man. The writings of Paul Tillich, Karl Barth, Emil Brunner, and Berdyaev abound with interpretations of this nature. The general argument follows a standard pattern, and in a simplified form it may be presented thus: Social problems are a reflection of the inherent moral depravity of man and will therefore always exist. How can it be told that man is depraved? Well, just look at his social behavior, particularly criminal behavior. But why is man's behavior criminal and anti-social? Because of his inherent moral depravity, of course. The argument is never presented quite so simply; volumes of weighty material are written to say the same thing — with slight variations. But the student has already perceived the circularity in the reasoning. The explanations are in terms of the phenomena to be explained, and for that reason represent cases of begging the question.

A second metaphysical approach is that of biological determinism. There is very little difference between this and the theological, but since it is cast in a scientific instead of a theological terminology, it has gained wide acceptance among educated folk. Something called "biological inheritance" now takes the place of moral depravity, and the genes and the chromosomes are worn to the point of fatigue in explaining everything from poverty to love at first sight. What is the cause of poverty? The inheritance of inferior biological qualities. How can it be told that one has inherited an inferior biological equipment? By the very fact of his poverty! It is not our purpose here to cast any aspersion upon biological science, but merely to point out that when unproved biological assumptions are converted into explanatory principles, science is bound to suffer.

Metaphysical approaches to social problems carry tremendous appeal. They are simple and easy to understand. All problems are explained in terms of factors which are assumed to exist to

begin with, and if these fail all that is necessary is to assume a couple more. This is why the advocates of such approaches seem to know all the answers; their assumptions represent a systematized delusion. As might be expected, the solutions which emerge from metaphysical approaches to social problems never get beyond the purely verbal stage. Social problems would disappear, for example, if men would only be "good," or if they were to breed for the right kind of genes.

Particularistic approaches to the study of social problems are such by virtue of the fact that they trace all social problems to the operation of some one particular factor or set of related factors. They differ from the metaphysical approaches in that the factors believed responsible for the genesis of social problems are for the most part amenable to testing for their scientific validity, and indeed many of them do enjoy at least a partial validity. They are factors about which it is possible to get information, over against the metaphysical factors concerning which we can get no information.

One particularistic approach traces all personal and social maladjustments to glandular imbalances. Crime, prostitution, laziness (and hence poverty) are nothing more than evidences of imperfect glandular functioning which is to be treated by the clinician. The kernel of truth in this approach is the very real part played by glands in all normal behavior and in some abnormal behavior. The man who steals a loaf of bread to feed his hungry children could hardly be classed as a case of glandular imbalance, although his glands were operative in reenforcing the motive for stealing the bread.

Others ascribe all social problems to weaknesses in the economic system. Karl Marx and his followers have long contended that social problems have their roots in an iniquitous capitalism. Advocates of this theory (economism) are usually unwilling to speak of "social problems" but of "The Social Problem," which is that of the maldistribution of income. Solve this, and all other problems disappear. While there is much to be said for the importance of economic factors in such social problems as unemployment, poverty, crime, and prostitution, nevertheless other factors must not be overlooked.

The foregoing approaches to the study of social problems, though classed as nonscientific, do represent "informed" approaches in that they are espoused by people of education and training, at

least in limited fields. The approach of the uninformed is that of "common sense." To the man on the street things are what they seem (naïve realism). The slavish devotion to common sense follows the same psychology as is involved in the adherence to superstition. Superstitions maintain their hold upon the minds of the ignorant largely because on rare occasion they turn out to be true. When such is the case, the countless times the superstition proved to be wrong are all forgotten in the surge of this one dramatic incident and the superstition is thus reenforced. So too with common sense: it does not seek negative cases. Occasionally common sense cuts through the weighty profundities of the scholar, and the latter is thereby discredited for all time. The common-sense approach is not limited to the uninformed, however. Even great scientists make use of it when they get into fields other than their own.

The pitfalls of common sense have been recognized at least since the beginnings of modern science. Indeed modern science has achieved its stature over the body of common sense. In his "Idols of the Mind" Sir Francis Bacon has presented an excellent critique of common sense which, he says, is characterized by four types of errors which he calls "idols." The first of these Bacon called "the idols of the tribe." These have their roots in human nature — the nature of the group or "tribe" — and they lead people into false judgments concerning other peoples. "The idols of the cave" arise from the fact that the man of common sense dwells in the cave of his own mind and so develops a one-track mind. He reveres antiquity and is opposed to anything contrary to his own pet notions. "The idols of the market place" derive from the slipshod use of language. The man on the street, the man of common sense (and sometimes his academic brethren), rarely sees the difference, for example, between giving names and calling names. Thus do labels become confused with epithets. "The idols of the theater" grow out of the blind acceptance of authority on the one hand and wishful thinking on the other. To sum up, common sense is sometimes right; more often it is haphazard, uncritical, wishful, prejudiced, and lacks the painstaking hard thinking and research necessary to balanced judgments on complex phenomena. Consider some typical judgments of common sense. A man who is good to his dog must be a "good" man. The man who is good to me is a "good" man. Things are what they seem because the evi-



dence of one's own senses is beyond reproach. To the man of common sense, men are swayed by something called "human nature" which one day is totally evil, another day wholly good, and withal unchangeable. According to common sense, men react similarly in similar situations. People living in the same area have the same environment. Brothers and sisters have the same environment. All of these judgments of common sense are false.

**The Scientific Approach.** The notion is abroad that somehow "social" science is a different brand of science from "natural" science. One of the reasons for this mischievous bit of nonsense is discussed in a later section of this chapter. The distinction between natural science on the one hand and social science on the other is a mere convenience; taken too literally it becomes a threat to scientific advance. The basic assumption in the classification is that the social sciences deal with a different kind of reality from the natural sciences. Nothing could be further from the truth. All science is one, and the special sciences, whatever they may be, are concerned with particular phases of reality. If one science is superior to another it must be because it has a more refined conceptual apparatus and more objective methods of research — taking the complexities of the thing to be studied into consideration.

What characterizes science and sets it off from all other adjustment techniques is not the subject matter with which it deals but the method it uses in dealing with its subject matter. The same basic techniques may be used to study any phenomenon. Science, all science, is the accurate description of what is observable. The classification of science into physics, biology, sociology, psychology, and the like, represents a convenient device by which we are enabled to abstract a segment of reality and hold it constant long enough to observe it. Even so, such a process is highly artificial in view of the interrelatedness of all reality.

The various departments of social science, and to some extent even natural science, study much the same phenomena, but they all ask different questions about them. So we are able to speak of a biological approach to the study of social problems, an economic approach, or a sociological approach. Concerning the problems of population, for example, the one asks questions of quality; the other, questions of sustenance and support; the third, of quantity and distribution.

The first requisite in the scientific study of social problems is that the observer be conscious of himself as a personality, for what he is will determine to a great extent what he sees, and what he is is conditioned upon all the circumstances of his heredity and training. Failure to make allowances for the "personal equation," as this personality element has been called, has stultified the work of many a promising worker.

Further, the social scientist must steep himself in the fact-minded attitude as against the naïve-realistic attitude of the layman. The fact-minded attitude eschews emotional responses to the data and avoids value-judgments concerning the facts; for facts are neither good nor bad in themselves.

Thirdly, the social scientist strips himself of any delusion concerning the nature of the facts he gathers. He realizes that facts are empirically verifiable statements about phenomena and are not the phenomena themselves. There is nothing absolute about facts. Facts are relative to time, place, and observer — and have value therefore in keeping with their accurate formulation at the moment. If scientific laws are to be erected, if prediction is to be successful, if hypotheses are to be tested, then observations must be stated as accurately as our apparatus and conceptual equipment permit.

Finally, the social scientist views social problems in terms of strict causation. Only by so doing is he able to envisage solutions. He is aware, however, of the conceptual nature of the law of cause and effect and so he is not bothered by such quibbling as where cause ends and effect begins. The law of cause and effect is a device for understanding reality, and as used by the social scientist it serves to throw into high relief the sequential aspects of social phenomena as well as their interrelationships, and so makes orderly analysis possible. Despite recent attacks on causal knowledge by the metaphysicians, the cause-effect schema is still the most useful analytical tool of modern science. The alternative to causation must necessarily be some principle of indeterminism, such as freedom of the will, according to which events are not related at all, but occur in arbitrary fashion. On the basis of such a principle no constructive social-scientific action is possible; there would be no reason to expect that a given program of social action would be followed by the results desired.

When the physical environment enters primarily into a particular social problem, as was the case of the destitution of the dust-bowl farmers, it is customary to speak of the sociogeographic causes. Whenever biological factors are operative, as in the case of epidemics, we speak of the sociobiological causes. When the habits, attitudes, and emotions are the primary factors in a social problem we speak of sociopsychological causes. Always and everywhere there are factors growing out of the collective life of people, factors we call "institutional." These are known as "cultural" causes. They are the most general and the most obvious of social causes and every social problem involves them all to greater or lesser extent. While, then, we defer to all of these causes, yet we always search for the primary causes, otherwise analysis becomes too complex. Once we know (*a*) which cause is primarily involved, (*b*) just how it is involved, (*c*) to what extent it is involved, (*d*) how it could be modified, and (*e*) what results might be expected from the treatment of it, we are ready to deal with the problem on a scientific level.

The isolation of a primary cause in a social problem does not always mean that the cause must be eliminated in order to ameliorate the condition. Sometimes the social scientist's job will be that of adjusting the group to the cause, for not all conditions which are causes can be eliminated. A radical change in our climate due to a deviation of the earth from its orbit might so seriously disrupt our habits of adjustment as to constitute a social problem. Obviously, nothing that man could do would remove the cause, but he could discover the conditions under which a new adjustment could be possible.

In a final word we might remark that the social scientist has no operational stereotypes, no fixed patterns for meeting problem situations. He lets the nature and needs of the social situation determine his method of attack.

**Problems of Knowledge vs. Problems of Action.** A scientific approach to social problems always involves the social scientist in a twofold task: he must accumulate a body of verified knowledge in order to approach problems intelligently, and he must concern himself with the practical programs through which problems are to be treated. So it is that two types of problems always face the scientist; problems of knowledge and problems of action. What

causes cancer? How may we produce rustless iron? How can the energy of the atom be harnessed? What is the psychology of mob behavior? Why do social problems appear only in dynamic societies? All of these are problems of knowledge and must be solved first if practical programs are to be constructed. In the seventeenth century the problem of knowledge involved in the cure of malaria fever was solved with the discovery of quinine. The practical problem was that of getting a superstitious people to accept the cure inasmuch as the cure ran counter to the prevailing theory of the nature of the disease. Likewise, the social scientist has solved many of his problems of knowledge. He knows why social problems arise, what causes depressions, how venereal disease may be controlled, how infant mortality can be reduced; but the problems of action are far from being solved. How can the group be brought to accept and use the knowledge the social scientist has acquired? In our society this is a sizable problem, for solutions to many of our social problems involve reductions in profits and dividends. The income which would accrue to the nation as a result of higher living standards, better housing facilities, more adequate medical services for all, is not directly observable, and so it is difficult to convince the group of its reality. The prestige of the natural scientist and the disparagement of the social scientist in our culture are largely due to the fact that the work of the former operates to increase the flow of tribute to the holders of power, whereas the work of the latter tends to decrease it. The social scientist is expected to solve the problem of poverty without cost to anybody, particularly without cost to the wealthy — a problem worthy of any master mind.

The student can concretize the situation described in the preceding paragraph by asking, "Why can't we house everyone decently inasmuch as we have an abundance of land, labor, and materials?" If he attempts to answer the question, the student will discover that little bits of paper called "titles" around which we have built certain attitudes stand in the way of using our abundant resources to build houses. The deflation of these little bits of paper is a problem of action of the first magnitude.

The difficulties in the way of the functional adoption of social science knowledge to solve our problems have bred a sense of inferiority in the minds of many social scientists. These folk seek

escape by proposing a wholly artificial division of labor. They contend that as scientists their responsibility begins and ends with the accumulation of social science knowledge. It is the "social engineer" who is responsible for the practical application of the knowledge. By this device are they able to divorce themselves completely from social action and from the abuse and contumely which is poured upon the heads of those who formulate practical programs for the solution of social problems. It is a mark of intellectual integrity to search for the facts wherever and whatever they may be, but there seems to be no moral compunction to have those facts put to work in the interests of the entire group. Perhaps the stultification of modern social science stems mainly from this situation.

#### TERMS TO BE UNDERSTOOD

evolution	social inheritance
progress	static societies
social change	social stratification
institution	culture lag
material culture	extrainstitutional behavior
nonmaterial culture	relativity of social problems
vested interests	interrelatedness of social problems
differential rates of change	social norms
ideologies	hierarchy of values
folkways	science
mores	fact
culture diffusion	personal equation
biological determinism	particularistic fallacy
economism	

#### QUESTIONS FOR DISCUSSION

1. Distinguish between evolution, progress, and social change.
2. What are some of the factors which account for sudden and rapid change in otherwise static societies?
3. What are the four major factors in social change? Which of them was most important during the period of the American Revolution? During the depression of 1930-1939?
4. "To be effective in social change, ideas need not be true, they need only be believed." Give illustrations of this statement.
5. Do you think that social stability could be reestablished if we declared a twenty-year moratorium on invention?
6. "Institutions do not exist outside of the skins of people." Explain. What is the basic function of institutions? Why do they change so slowly?

7. Give some examples of change in material culture in America. Why does the nonmaterial culture tend to remain static in the face of change in the material culture?
8. Where does social change make itself felt first? Where last? How would you explain this difference?
9. "The vices of one generation become the virtues of the next." Explain and give illustrations
10. Distinguish between individual problems and social problems. What is it that makes a condition a social problem?
11. Identify the characteristics of social problems. What is the relation of social norms to social problems?
12. Why are criteria for the determination of the significance of social problems necessary?
13. Mention some particularistic approaches to the explanation of the causes of social problems in addition to those mentioned in the text.
14. Why is the common-sense approach so popular with the layman? What are the shortcomings of common sense?
15. Of what practical importance is the assumption that social problems are "caused"?
16. Distinguish between problems of knowledge and problems of action.

#### FOR FURTHER STUDY

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## CHAPTER II

### POPULATION

Human beings may be studied by any one of a number of approaches. A society may be looked upon as a population, with people distributed in space. This approach is the most simple view of a human society. It is appropriate to consider the forces which account for the distribution of population; and in turn to understand how different spatial arrangements of humans affect the life of the individual and the nature of human communities.

**The Trend of Population Growth.** The population pattern of the civilized world is changing. In northwestern Europe there is a definite trend toward a stationary population. The same may be said to be true for the United States, though between 1930 and 1940 the United States increased her population by 7 per cent. This was only half the increase of the previous decade, 1920-1930; and, as shown in Table I, it was less than that of any decade of our national existence.

The growth of population in the United States has been one of the most startling facts in history. Before the turn of this century, our numbers were doubled every 25 years. From a nation of 3,000,000 in 1790 we have expanded to more than 131,000,000. Many areas of Europe required the entire nineteenth century for the population to double. Yet in eastern Europe and in parts of Asia population growth is continuing in full force.

Nearly 30,000,000 persons have come to settle in the United States. The addition of these persons to our population has been more significant than even these numbers would indicate, for the age of our immigrants has also been favorable to our population growth. These persons were in the biologically productive age and deaths were less frequent among them than at any other age of life. The United States is still characterized by a large proportion of young adults, but this condition is changing. It is expected that the total number of deaths will increase, and that a decrease in

the number of young adults will result in a smaller number of births each year.

TABLE I

GROWTH OF POPULATION IN THE UNITED STATES, 1790-1940<sup>1</sup>

Census Year	Population	Increase over Preceding Census	
		Number	Per Cent
1940*	131,409,881	8,634,835	7.0
1930	122,775,046	17,064,426	16.1
1920	105,710,620	13,738,354	14.9
1910	91,972,266	15,977,691	21.0
1900	75,994,575	13,046,861	20.7
1890	62,947,714	12,791,931	25.5
1880	50,155,783	11,597,412	30.1
1870	38,558,371	7,115,050	22.6
1860	31,443,321	8,251,445	35.6
1850	23,191,876	6,122,423	35.9
1840	17,069,453	4,203,433	32.7
1830	12,866,020	3,227,567	33.5
1820	9,638,453	2,398,572	33.1
1810	7,239,881	1,931,398	36.4
1800	5,308,483	1,379,269	35.1
1790	3,929,214	.	.

\* 1940 figures are preliminary and subject to revision.

The peak of our yearly population growth was reached about 1925. Nearly 2,000,000 persons were added to our population each year in the early twenties. During the depression years (1930-1934) the annual increase averaged less than 900,000. A net immigration of 400,000 a year fell to a net emigration.<sup>2</sup> More important, however, was the decrease in the excess of births over deaths.<sup>3</sup>

Estimates of the future population in the United States have been made by Warren S. Thompson and P. K. Whelpton of the Scripps Foundation for Research in Population Problems.<sup>4</sup> One

<sup>1</sup> From Philip M. Hauser, "Some Implications for Capital Investment of the Population Changes Revealed in the 1940 Census," Bureau of the Census, Washington, D.C.

<sup>2</sup> A net immigration refers to the condition whereby the number of persons entering the country is in excess of the number leaving the country. Net emigration is the reverse of this condition.

<sup>3</sup> National Resources Committee, *Problems of a Changing Population*, Government Printing Office, Washington, D. C., 1938, p. 21.

<sup>4</sup> *Ibid.*, pp. 22-24.



estimate sets our population at 153,000,000 in 1980. This figure would be the result of "medium"<sup>1</sup> birth rates, assuming no migration. If an immigration policy were adopted whereby 100,000 persons, as contrasted with the 150,000 per year now provided by our quota law, would be allowed to come to the United States each year (assuming no emigration), the figure for 1980 is raised to 158,000,000. Even with the highest birth and lowest death rates which can be reasonably assumed, the maximum population by 1980 would be less than 180,000,000. The third and most conservative estimate assumes a decline of about one-third in the number of births among native white women, with no net gain of immigrants. This minimum estimate gives a peak population of 138,000,000 in 1955, followed by a decrease of 10,000,000 in the subsequent quarter century. By any of these estimates, however, our population will reach its peak by the twenty-first century and will decrease thereafter unless an effort is made to check this.

Accompanying the change in the trend of population growth is a change in the age distribution. On the assumption of "medium" rates in births and deaths (with little or no immigration), the estimates for 40 years hence indicate an equal number of persons — about 2 million — at each year of life until 60. Persons at the later ages will form a much larger proportion of the population than at the present; and the reverse will be true of youth. It has been estimated that in the period 1930 to 1980 the population 60 years of age and older will increase in proportion from 8.5 per cent to 19.9 per cent, while the persons under 20 years

<sup>1</sup> With the birth rates of recent years, the average native white woman living to the age of 50 bears approximately  $2\frac{1}{2}$  children. In view of the past trend, and the lower birth rates that prevail in certain other nations, the "highest" birth rate which may be expected for native white women in the future is a continuation of the present birth rates. The "medium" assumption for native whites continues the past decline in birth rates, so that it is anticipated that women will bear slightly less than two births. As a probable "low" limit, it is assumed that the decline in birth rates will continue, and that the average woman will have  $1\frac{1}{2}$  births.

The death rate is reflected in the expectation of life at birth. According to the 1931 death rates, the expectation of life at birth was 59.1 for males and 62.7 for females in the United States. Because it appears certain that by 1980 people will be longer lived than they now are, the "low" assumption for expectation of life at birth will be at least 65.6 years for males and 68.4 years for females as an average. The "high" assumption is based on the idea that the specific age death rates will decline so that the native white expectation of life at birth would reach 72 years for males and 71.2 years for females. The "medium" assumption is midway between the extremes just described. It seems probable that the actual life expectation of native whites in 1980 will be 68.8 years for males and 71.2 years for females.

of age will decrease in proportion from 38.8 per cent to 26.1 per cent.<sup>1</sup>

**Population and Resources.** The most recent estimate sets the total population of the world at about 2,000,000,000.<sup>2</sup> In past years, experts predicted the future world population at anywhere from 3 to 20 billions.<sup>3</sup> Though much guesswork is involved, the size of a population in any given area is related to climatic conditions, the presence of natural resources, the state of inventions, and the social organization of the group.

It is interesting to trace the relationship of man's economic organization to population size. The earliest means of obtaining food has been established as a hunting and wild-food gathering culture. This type of economic activity set a definite limit to the size of population, since there was a great deal of hazard, and irregularity in the food supply. There was either too much food or too little. Population grew by leaps and bounds, or there was mass starvation, misery, and death. The reason for this condition was that food could not be preserved nor transported over long distances to areas of need.

When man invented agriculture he immediately made it possible to increase his numbers. The reason for this is that wheat and other grains are storable. For example, the Indians in the southwest of the United States store a two-year supply of maize against emergencies. The domestication of animals, such as cattle and horses, made possible a further population increase. The food supply is more assured in a plow system in which planting is done in rows by the use of draft animals and farm implements.

The use of the wagon in transportation allowed for a still larger number of people. Transportation has had the effect of eliminating famines by making possible the easy flow of food from one region to another. In recent times, the application of science to increase the food yield, the perfected transportation and communi-

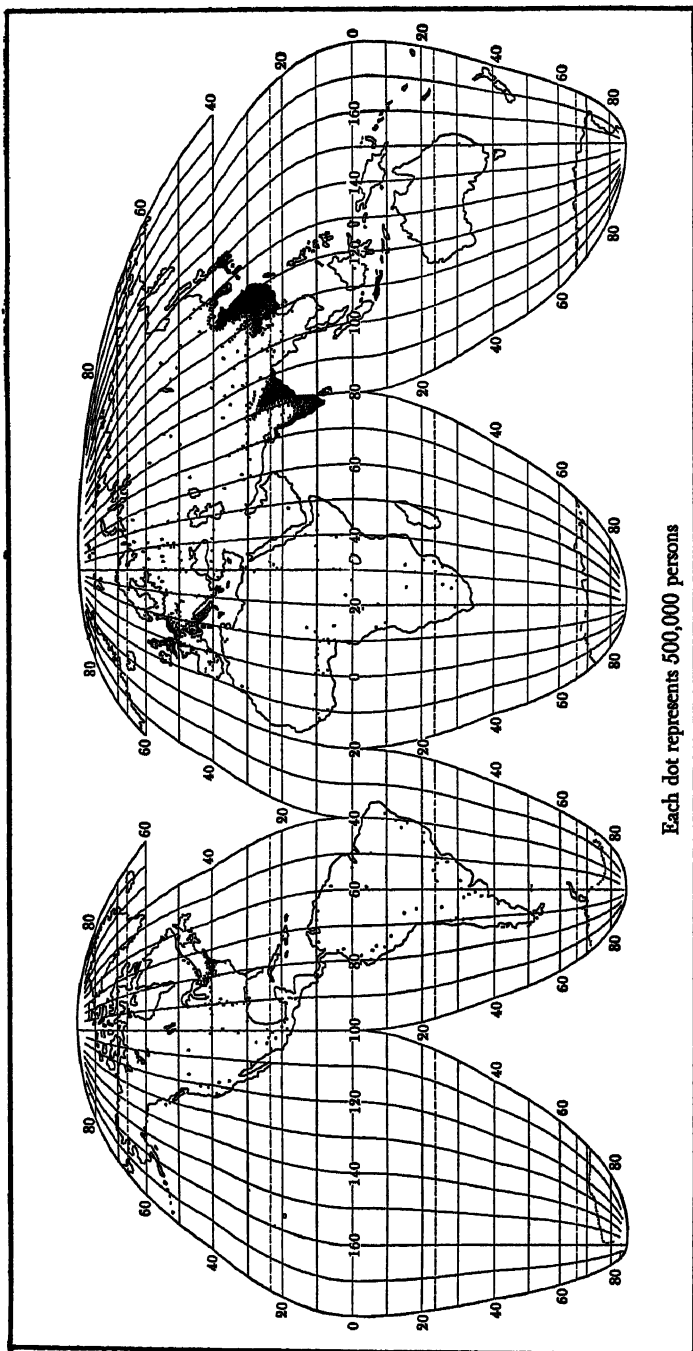
<sup>1</sup> P. K. Whelpton, "An Empirical Method of Calculating Future Population," *Journal of the American Statistical Association*, 31 457-473, Sept., 1936.

<sup>2</sup> *Monthly Bulletin of Statistics*, The League of Nations, Nov., 1938.

<sup>3</sup> Robert Kuczynski, "The World's Future Population," *Population*, Harris Foundation Lectures, University of Chicago Press, Chicago, 1929, pp. 284-285.

A. M. Carr-Saunders, *World Population: Past Growth and Present Trends*, Clarendon Press, Oxford, 1936.

G. H. Knibbs, "The Mathematical Theory of Population," *Census Commonwealth Australia*, Appendix A, Vol. 1, McCarron Bird, Melbourne, 1917.



Each dot represents 500,000 persons

FIG. 1. WHERE THE POPULATION OF THE WORLD LIVES

From William F. Ogburn and Meyer F. Nimkoff, *Sociology*, Houghton Mifflin Company, Cambridge, 1940, p. 435.  
Adapted from O. E. Baker, U. S. Department of Agriculture.

cation services, and the use of power have served to expand the limits of population growth.

Today, the densely settled regions of the world (as shown in Fig. 1) are eastern United States, Europe, southern Asia, and India. These areas have favorable climatic conditions and geographical location, good transportation facilities, adequate rainfall, plowable land, and deposits of coal and iron. Siberia, Canada, western United States, South America, central Africa, Australia, and the polar regions are the thinly settled regions. In the very cold and hot regions of the world, climate is the limiting factor to population growth and economic activity. Yet geographical and climatic factors do not alone determine the size of population or where people live. China has a sizable population (between 300 and 450 millions) and could support many more if she had as advanced a technology as her small neighbor, Japan. Italy does not possess large deposits of industrial minerals; yet she has been able to increase her population by securing these essentials from England and Germany. Generally those regions of the world which have poor land, little coal, and few minerals do not have much chance to grow in population or to share in the material advantages of life. England has about the same land surface as does Sweden, but England's population is about 45 million, while Sweden has a population of 6 million and is even declining to 5 million in the near future. Yet, England enjoys a higher standard of living than Sweden because she has more abundant natural resources, was the first to develop modern industry, and through her empire, her shipping, and world commerce has benefited from the resources of great portions of the earth.

The presence of abundant natural resources does not insure either a growing population or a high standard of living. The million Indians who inhabited the present area of the United States when the white man arrived did not use our natural waterfalls as a source of power; and in this sense, the waterfalls played a limited role among the Indians. Today, in the United States as in western Europe, inventions in chemistry, electrical goods, transportation, and communication make new uses of our natural resources and thus serve to enrich and enlarge our population.

The social organization and the institutions of a people are also related to the size of population. An area may be lacking in

natural minerals, but if the people have developed a division of labor, a money and credit system, efficient laborers, and an extensive system of trade and commerce, the population may indeed be large. Some scholars argue, too, that an economy which is competitive rather than monopolistic ensures a high level of production. The nature of the government and its relation to the economic setup has a bearing on the size of the population. We do not yet have the final answer as to the relative economic efficiency of a communist, fascist, co-operative, or a competitive economy. It is interesting to note, however, that population is a matter of national policy in the dictatorial nations.

Thus, the size of a population and the standard of living of people are influenced by natural and cultural resources. Geographical conditions, natural resources, the development of industrialism, and the efficiency of the social-economic organization influence both the number and the level of well-being of the inhabitants of the various areas of the world.

### BIRTHS, DEATHS, AND MIGRATION

**Births.** One reason why many people are interested in the question of population is because they have been alarmed by reports concerning the declining birth rate.<sup>1</sup> The downward trend in birth rates in the Western world probably began in France among the prosperous people living in cities. Then it spread to the remainder of western Europe and England. The forces behind the decline in birth rates have been at work even in parts of the United States for nearly a century. Some northern European nations and regions in the Far East still have relatively high birth rates. Germany's birth rate declined sharply after 1898 and in 1938 it was 19.7.<sup>2</sup> However, this rate shows an increase of more than three births per 1000 population since 1933. This is due apparently to the deliberate efforts of Hitler's government. On the other hand, the attempt of the Fascist government to increase Italy's birth rate has met with failure.

The reasons for the fall in the birth rates are varied. Some scholars explain the decline by the biological change in the fecundity (biological ability to procreate) of people, though the likelihood of

<sup>1</sup> "Birth rate" as here used is usually referred to as the "crude" birth rate, or the number of births per 1000 population

<sup>2</sup> *Statistical Year-Book of the League of Nations*, 1938-1939, pp. 42-44.

significant changes in this respect are slight. The extent of sterility (biological inability to procreate) among city women is greater than among rural women;<sup>1</sup> but whether the difference is due to biological factors, variations in disease, diet, or mode of life is still unknown. Sociologists, generally, stress the cultural reasons for the declining birth rate. Among these factors, the postponement of marriage is of little importance, for there were more early marriages in 1930 than in 1890.<sup>2</sup> The wide dissemination of knowledge and extended use of birth control in recent years appears to be the major reason why the birth rate of the United States in 1938 was only two-thirds that of 1918. However, our farmers, who constitute about one-fourth of the population, do not practice birth control extensively, and in large cities sizable segments of the population oppose birth control on religious or moral grounds. Yet, during the last decade the birth rate among the foreign-born in America fell faster than it did for the native whites.<sup>3</sup> Whether the birth rate on the farms will ever decline to that of the cities is a question. On one hand, the farm seems a more wholesome place to rear children than the congested, smoky, noisy city; on the other hand, farmers may come to realize more than they now do that greater opportunities can be given to fewer children.

The economic factor, more than nativity as such, has an influence on the birth rate. In Chicago, one study reveals that the foreign-born whites who pay high rentals (at least \$75 a month) have as low a birth rate as well-to-do native whites. In contrast, foreign-born whites and native whites paying rentals of \$30 or less have relatively high birth rates.<sup>4</sup> The birth rate declines rapidly as the level of living rises in all regions of the United States. In the poorest rural areas of the country the number of births is so high that the population will more than replace itself. The areas with the highest level of living, capable of supporting a large number of children, produce so few children that their present population size can be maintained only by immigration.

<sup>1</sup> Warren S. Thompson, *Population Problems*, McGraw-Hill Book Co., Inc., New York, 1935, p. 160.

<sup>2</sup> Wm. F. Ogburn and Meyer F. Nimkoff, *Sociology*, Houghton Mifflin Company, Boston, 1940, p. 481.

<sup>3</sup> Frank Lorimer and Frederick Osborn, *Dynamics of Population*, The Macmillan Company, New York, 1938, p. 48.

<sup>4</sup> Philip M. Hauser, "Differential Fertility, Mortality, and Net Reproduction in Chicago, 1930," Ph.D. Thesis, University of Chicago, Aug., 1938.

**Deaths.** Despite a falling birth rate, nearly a million persons have been added each year (recently) to our total population. One explanation for this condition is the decline in the death rate.<sup>1</sup> It is estimated that about 35 persons in every 1000 died each year in America about 1790. Today, the death rate is about one-third of this figure. The chief gains in the reduced death rate have occurred among infants. At one time in our history about 250 of every 1000 babies died in their first year of life. This is still true for Chili, with its large Indian population. Today, in the United States the infant mortality rate (deaths of infants under 1 year per 1000 live births) is under 51. In New Zealand the record is only 35!

Medical science has played an important part in controlling the infectious and contagious diseases which were child "death-snatchers." Improved sanitary conditions also brought better chances for survival. In fact, death rates have declined for every year of life except at 60 years of age and older. The big problem confronting medical science today is the relatively high death rate caused by the degenerative diseases: heart disease, cancer, and nephritis. Table II shows how the male mortality rate ranged at different ages for the periods 1901 and 1929-1931. For children the

TABLE II  
MORTALITY RATES OF MALES, PER 1000, U. S. REGISTRATION AREA,  
1901 AND 1929-1931<sup>2</sup>

Period	Age									
	0	10	20	30	40	50	60	70	80	90
1901 . . .	133.4	2.7	5.9	8.0	10.6	15.4	28.6	58.9	133.5	262.8
1929-1931	61.2	1.5	2.9	3.9	6.9	14.0	29.0	60.6	133.1	270.0

decline in the death rate has been more than 50 per cent during the same period. The rate has been lowered considerably in the middle ages (15-45 years), though the death rates at these ages have always been relatively low. In the very old ages, the death rate has shown a slight rise.

<sup>1</sup> "Death rate" as here used is usually referred to as the "crude" death rate, or the number of deaths per 1000 population.

<sup>2</sup> From Wm. F. Ogburn and M. F. Nimkoff, *Sociology*, Houghton Mifflin Co., New York, 1940, p. 488. Adapted from Louis I. Dublin and Alfred J. Lotka, *Length of Life*, The Ronald Press Company, New York, 1936, p. 68, Table 12.

The decline in the death rate can be dramatically illustrated by the increasing expectation of life.<sup>1</sup> This trend is shown in Fig. 2. Especially important is the steep rise in the expectation of life at birth. In 1850, the average baby boy could hope to live only 40 years, but this was lengthened to 46 years by 1900, and to 59

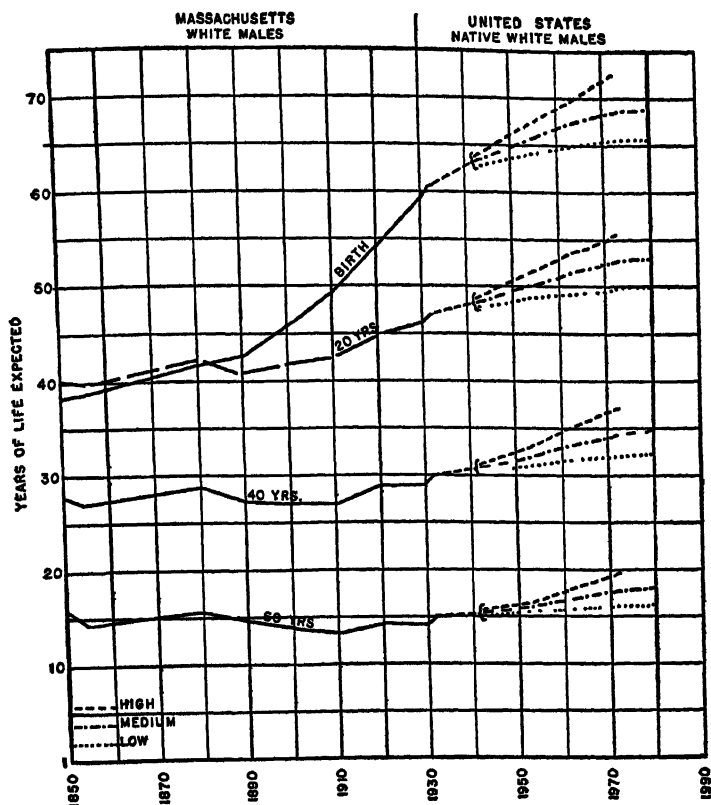


FIG. 2. EXPECTATION OF LIFE IN THE UNITED STATES

For white males at birth, at age 20, at age 40, and at age 60, Massachusetts, 1789-1931, and estimated future trend. From National Resources Committee, *Problems of a Changing Population*, p. 22

years by 1930.<sup>2</sup> When the fathers of our college students were of college age in the decade 1910 to 1920, they could expect to live 43 to 45 more years. Today the 20 year old youth can hope for 47 to 48 more years of life. Women have a slightly higher expecta-

<sup>1</sup> "Expectation of life" as here used refers to the number of years an average child can expect to live if he has survived to the age of one year.

<sup>2</sup> National Resources Committee, *Problems of a Changing Population*, pp. 22-23.



tion of life than men (3 years more). The highest ranking states are in rural areas where, despite lower standards in sanitation, public health services, and medical care, a person can expect to live longer than the city dweller. The expectation of life in New Zealand in 1931 was 65 years for males and about 68 for females.

**Population Growth.** The births and deaths of our present population are the significant factors which will determine the future size of the population. Though the death rate for most ages has declined during the last number of years, the drop in the death rate is coming to a halt. In fact, the death rate is expected to rise. The reason for this is that a large proportion of children survive to maturity, when the death rate is relatively high. It appears, then, that the fall in the birth rate is the most important factor in influencing our population size. In the eight years, 1921-1928, 2,200,000 more babies were born than in the next eight-year period ending with 1936. These persons will become of marriageable age by 1945, and we can expect a slight upward turn in the number of births at that time.

It must be emphasized that the birth and death rates thus far cited are deceptive as indicators of future population size. Natural increase (the difference between the birth rate and death rate) is affected also by the proportion of persons of different ages. Thus, Gary, Indiana, was a place of rapid growth when its inhabitants were mainly young adults; and, consequently, its birth rate was high and its death rate low. Such a condition, however, could not remain long, because many children were born and people became older. One student of population shows <sup>1</sup> that the crude birth rate (number of births per 1000 population) in the United States was 18.7 in 1930. The crude death rate was 10.8. These figures seemingly indicate a growing population in view of the natural increase (or excess of births over deaths) per 1000 population of 7.9. However, this is not the case. Our population in 1930 contained a large proportion of middle-aged persons. Applying the 1930 birth and death rates to a population composed of a normal number of young, middle-aged, and old, the birth and death rates in 1930 would both be 16.4 or a zero natural rate of increase.

<sup>1</sup> Bernard D Karpinos, "The Differential True Rates of Growth of the White Population in the United States and Their Probable Effects on the General Growth of Population," *American Journal of Sociology*, XLIV. 261, Sept., 1938.

The net reproduction rate is a good index of the ability of a population to replace itself.<sup>1</sup> At the present time, "the birth rate by ages of mothers in the United States is so low, in comparison with the death rate, that the United States would be losing population each year, instead of gaining, if there were not an excess of mothers of childbearing age, and a shortage of old people, a disproportion that is not likely to be maintained."<sup>2</sup> The net reproduction rate segregates the age factor and indicates what the fertility of women of childbearing ages would be if the age distribution were stable.

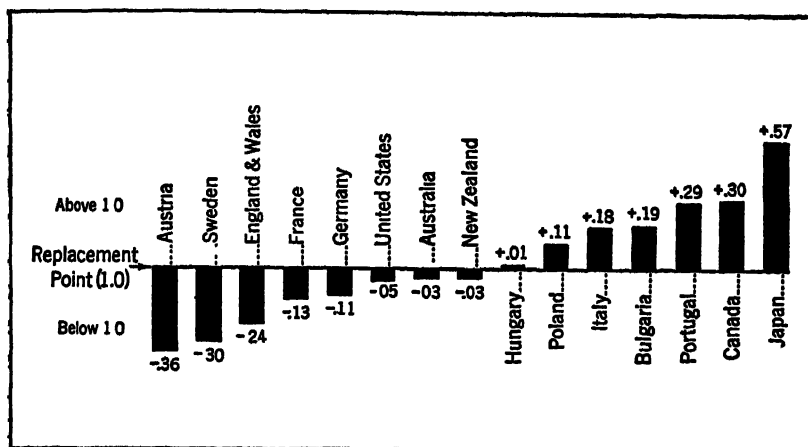


FIG. 3. NET REPRODUCTION RATES FOR VARIOUS COUNTRIES ABOUT 1936  
Adapted from *Population Index*, April, 1939.

Thus for the United States the net reproduction rate in 1936 was 0.947. This means that our population is actually decreasing by 53 persons per thousand over a period of 28 years, or at the rate of 1.8 per thousand in one year. That is to say, while the United States is gaining nearly one million persons each year, if the large proportion of young adults due to immigration were removed, there would have actually been a loss of 234,000 persons in 1936. Figure 3 contains the net reproduction rates for the major nations of the world. It shows that the southern European nations and Japan are replacing themselves, while northern and western Europe and the United States are below the replacement point.

<sup>1</sup> When 100 mothers produce enough girl babies who, in turn, become 100 mothers, the population is said to maintain itself and to have a net reproduction

Cities are notable for their failure to reproduce their populations. The rural areas are the "breeding" grounds of the nation; the cities are the "consumers" of population. New York and Chicago grew by about 25 per cent during the decade 1920-1930. The 1940 Census data reveal that New York grew only 6 per cent during the last decade, and Chicago's population remained about stationary. Philadelphia, Pittsburgh, St. Louis, San Francisco, Boston, and Cleveland were among the large cities which lost population. Washington, D.C., and Los Angeles were the only two large cities showing substantial increases in the last decade. The rapid growth of our large cities appears to have come to an end, but this does not necessarily mean that the small cities and towns will henceforth be the centers of attraction for migrants. Rather it may mean a loosening up of our great cities and a continued growth of the suburbs and satellite cities along their peripheries.

**Migration.** Since the first World War, the restrictions on free immigration have altered a major source of our population growth. From an annual average of 400,000 in the middle decades of the nineteenth century, the annual number of immigrants rose above the million mark in the early years of this century. Then, starting in 1921 we passed various laws aiming to limit the number of immigrants. An act passed in 1929 limited the number to about 150,000 annually from the "quota countries."<sup>1</sup> This restriction did not apply to Canada, Mexico, Cuba, Haiti, countries of Central and South America, or to United States dependencies. During the last decade, for the first time in our history more people left the country than entered — by approximately 50,000.

Yet, migration within the United States is still an active force serving to influence the distribution of the population. There have been two main movements in the migration of people between different areas in this country. The first movement was the historical pattern and is shown in the map in Fig. 4. Here we see the thick waves moving from the eastern coast directly west — across

<sup>1</sup> The quota principle was embodied in the National Origins Act of 1929, which limited the total number of immigrants who might be admitted in one year to 153,714, to be apportioned among the various European countries in proportion to the "national origins" of the American people in 1920. In essence, the quota immigration laws gave preference to the stocks representing the first settlers or earliest immigrants from north and northwest Europe, and limited the number of the so-called newer immigrants from south and east Europe.

the Alleghenies into the Ohio Valley, and the "rolling plains" of the middle central states — jumping to the Pacific coast, and finally beyond the Mississippi River. The 1940 Census indicates that the Far West grew the fastest of all the regions in the United States. The historical practice of moving west is thus continuing. The second, and most recent movement, was the cross-current type to the industrial and commercial sections, notably in the Middle Atlantic, Great Lakes, southern New England, and the Pacific

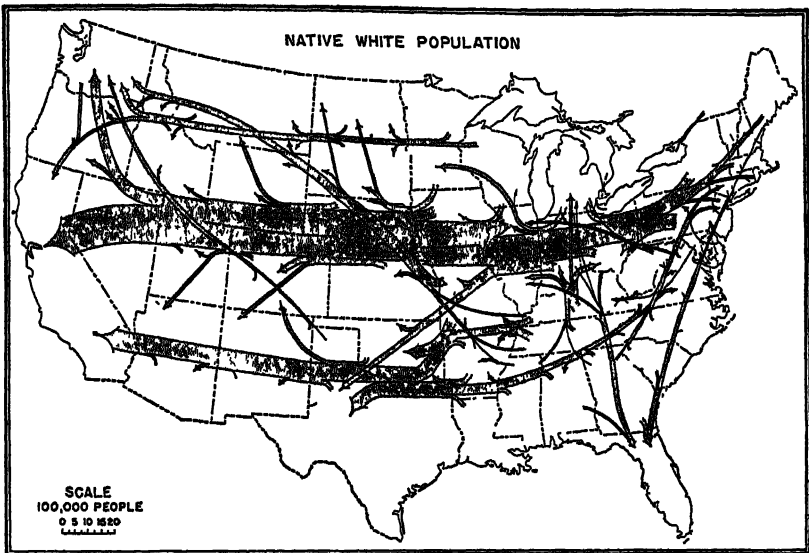


FIG. 4. NET MIGRATION OF NATIVE WHITE POPULATION SINCE BIRTH  
From National Resources Committee, *Problems of a Changing Population*, p. 84.

areas. By 1930, about one-fourth of the native whites and Negroes were living outside of the states in which they were born.

It is still difficult to say what the pattern of migration is. When the data of the 1940 Census are published more complete information will be available, because the question, "Where did you reside on April 1, 1935?" has been included. However, certain features of internal migration are known. The character of the community is important in determining which sex migrates. For example, males tend to migrate to mining, lumbering, and heavy-industries areas. Females are attracted to diversified and light-industries areas, and to old and wealthier cities, where domestic service employment is available. Persons in the ages 15-45 are the chief

migrants. These persons are usually spurred by ambition and have the energy to move. Single persons rather than married folks in this age group are the usual migrants; and of the married migrants, those without children are most numerous.

Distance is also important in the movement of population. In the United States most migration is for a short distance. Moreover, people do not ordinarily migrate from farms directly to large metropolitan cities. Usually the process involves several steps. The farm migrant goes to a village; thence to a town, city, and finally to a large city.

In recent decades the dominant feature of migration in the United States has been the cityward movement. This means that economic motives have played the major role in internal migration. It was the search for new land in past generations that led to the peopling of the nation. Starting some decades ago, the search for more highly paid jobs resulted in the concentration in industrial and commercial cities. In 1790, not a single city in the United States had a population of more than 50,000 inhabitants. About one hundred years later, in 1880, the city of one million persons appeared. Today, the majority of Americans live in cities. The change in location of residence is shown in Fig. 5. Undoubtedly, the increased efficiency of agricultural production played a part in setting farmers on the move to the city. It took nine farm families in 1787 to feed one city family. By 1937, one farm family fed itself and seven city families.<sup>1</sup>

During the depression years, 1930-1934, the rush of farm folks to the cities was slowed down. Some people believe that the net migration during the early 1930's was in favor of the farms. Actually, the cityward migration continued during these years, with a net migration of more than half a million to the cities and villages.<sup>2</sup> Yet, it is true that many city-unemployed returned to their farm relatives, and many farm boys and girls who wanted to escape the drudgery and low incomes of farms had to postpone their plans. The 1940 Census shows that for the first time in our history, cities have not grown faster than farms, villages, and towns.

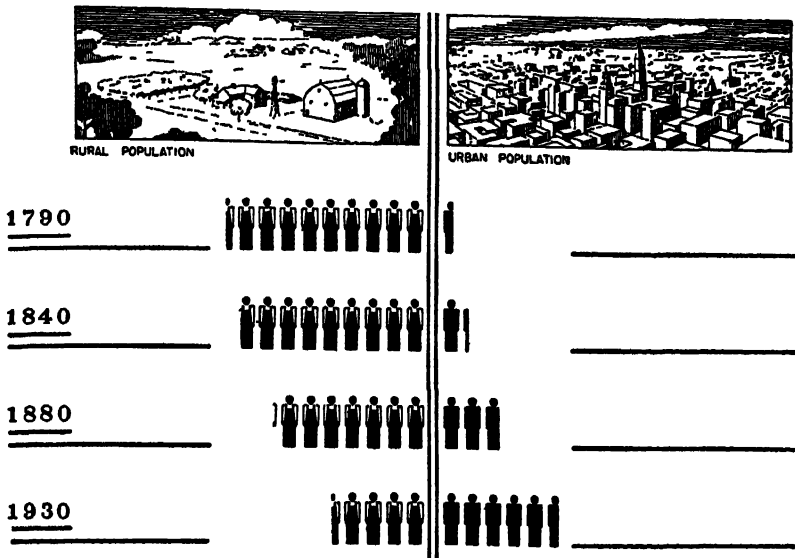
Internal migration brings certain problems. California, for example, is a composite of divergent ways of life, with 2½ million of

<sup>1</sup> *Consumers Guide*, Washington, D C, IV 13, Mar., 1938.

<sup>2</sup> National Resources Committee, *Problems of a Changing Population*, p. 9.

its residents born elsewhere in the United States, and its one million foreign-born as compared to its two million natives. The proportions are even greater in the North Atlantic states and for most large cities. In South Carolina, on the other hand, the population in 1930 was composed almost wholly of natives of that state. In places where new people are constantly arriving, different ideas and modes

#### PROPORTION OF RURAL AND URBAN POPULATION



Each figure represents 10 per cent of total United States population.

FIG. 5

From National Resources Committee, *Our Cities: Their Role in the National Economy*, p. 1.

of life are introduced. Life here is bound to be more complex and to present more problems of adjustment than in areas where migration is negligible.

The farm population bears the expense of rearing and educating many children who move to the city when they come of age and are able to repay in productive work. Thus, a large amount of rural wealth is transferred to cities. Furthermore, the loss of rural population has made "empty shells" of some rural institutions. The cityward movement of young people has left many rural institutions depleted of membership. The tone of community life has been determined largely by children and elderly folks. The absence of associations which appeal to the middle-aged persons in

turn encourages further migration. The necessity of maintaining certain community services and associations in the face of a loss of wealth and potential members means a lower standard of efficiency.

Another group of migrants, the transients, increased greatly during the depression. There were at least a million of them by 1933, mainly made up of young, single persons from the states east of the Mississippi. The transients traveled from city to city in search of employment, though in many instances their movements were random. People leave their homes for areas of greater opportunities, which sometimes turn out to be imaginary. Furthermore, the depression brought a changed attitude on the part of the cities towards these migrants. Unemployment increased, and relief needs mounted. In 1935 the Federal government made local governments responsible for direct relief and cities responded by removing the welcome sign to migrants. In fact, the posting of guards on the borders of California and Florida brought to a close the era of freedom of internal migration. Hereafter, people who wished to migrate would have to prove their self-support.

Whether or not the healthier and more intelligent farmers are city-bound is debatable. One group maintains that the attraction of the "best" elements from the farms "reminds one of fished-out ponds populated chiefly by bullheads and suckers."<sup>1</sup> Those who hold the opposite point of view conclude that "there is no valid evidence that migration to the cities is selective in the sense that the cities attract in a much greater proportion those who are better physically, vitally, mentally, morally, or socially, and leave in the country those who are poorer in all these respects."<sup>2</sup> One study claims that the better trained and educated persons tend to migrate from the farms to the cities.<sup>3</sup> Another study shows that Negroes who migrate from southern towns and cities to the northern cities do not have more intelligence than those who do not migrate.<sup>4</sup> It is also known that cities have a high proportion of the mentally deficient as well as those of high intelligence. However, unless the

<sup>1</sup> E. A. Ross quoted in National Resources Committee, *Problems of a Changing Population*, p. 111.

<sup>2</sup> P. Sorokin and C. C. Zimmerman quoted in *ibid.*, pp. 111-112.

<sup>3</sup> Noel P. Gist and Carroll D. Clark, "Intelligence as a Selective Factor in Rural-Urban Migration," *American Journal of Sociology*, vol. XLIV, pp. 36-58, July, 1938.

<sup>4</sup> Otto Klineberg, *Negro Intelligence and Selective Migration*, Columbia University Press, New York, 1935

social and economic conditions of farm life are improved, the development in communication may make rural-urban migration more selective than it has been.

### QUALITATIVE ASPECTS OF POPULATION

Thus far, attention has been directed largely to the numerical aspects of population growth. Of equal, if not of greater, importance is the consideration of the potentialities of a population. Yet the field of the qualitative effects of population changes is beset with prejudice and lack of sufficient evidence. It appears that we are in the beginning stage in the definition and measurement of physical and mental factors influencing vitality and personality. Furthermore, more must be known of environmental conditions affecting individual and group development.

**Eugenics.** Some students of population believe that the great number of "misfits" are lowering the vitality and quality of our people. Eugenics is a program designed, on one hand, to breed a type of person who would possess certain qualities; and on the other hand, to eliminate the unfit by preventing them from reproducing. The eugenicists believe that the high fertility of the families living on the margin of decent subsistence subjects a large number of children in each succeeding generation to the blighting effects of poverty. Worst of all, eugenicists fear the reproductive tendencies of persons who are mentally deficient, diseased, or physically defective.

The mentally deficient, or feeble-minded (treated in a subsequent chapter), constitute a small portion of our population, perhaps 1 to 5 per cent. Only 100,000 feeble-minded persons are institutionalized, but this number is undoubtedly a small portion of the mentally deficient. Present studies and researches indicate that hereditary factors play a very important part in causing mental deficiency. Of course, the death rate is very high for the worst cases in early life, and the institutionalization of many of these persons cuts down their reproductive rates.

Mental disease is even a more baffling and poignant problem. However, the causes of mental breakdown are still obscure. About 60 per cent of all hospital beds are occupied by 500,000 mental cases.<sup>1</sup> At least another million to a million and a half persons in

<sup>1</sup> National Resources Committee, *Problems of a Changing Population*, p. 13.



the general population are afflicted with one of the various types of mental disease. The eugenicists point to an increasing proportion of the mentally diseased in the general population; but neither the rate of increase nor even the distribution of mental disease is definitely established.

We are told that the poorest fourth of our population will furnish half of the population in the next generation. This is taken to mean that the "less fit" are becoming more numerous. Families with the highest incomes, superior education, and many opportunities have, on the average, fewer children than families with meager economic and cultural resources. Families in which the father is in the professions or in business and clerical occupations, on the average, do not replace themselves. In contrast, poor families have large families.<sup>1</sup> The reproductive rates among the foreign-born whites and the Negroes are also higher than those for the native white population, although the differences are tending to disappear.

Despite the lack of precise knowledge of the nature of mental ability and the conditions that influence its development, there is much popular interest in the relationship between birth rates and intelligence. A high level of intelligence is deemed a desirable individual and social goal, and an essential in the quality of a people. Children making high intelligence scores usually come from small-sized families. Yet, families with imbeciles and idiots are no larger than families with children of normal intelligence. Among college graduates there is little relationship between intellectuality and their family size as such. Undoubtedly, for a large number of families the meager opportunities for personal development constitute a drag on our cultural advancement.

The negative program of the eugenic movement is to eliminate the "unfit." There is no doubt that sterilization of known mental defectives will cut down on the number of such persons in the succeeding generations; yet, the problem is not so easily solved. H. S. Jennings, the eminent biologist, believes that the great majority of feeble-minded persons in the next generation will be produced by parents who are themselves normal in intelligence.<sup>2</sup> Sterilization, then, as a method of weeding out the unfit would take

<sup>1</sup> National Resources Committee, *Problems of a Changing Population*, p. 139.

<sup>2</sup> Herbert S. Jennings, *The Biological Basis of Human Nature*, W. W. Norton & Company, Inc., New York, 1930.

several thousand years. Again, there is the practical difficulty of determining feeble-mindedness among the many borderline cases. We do not have precise measurements or techniques to embark upon such a plan in an extensive way.

The positive program of the eugenicists is to encourage the "fit" to reproduce their kind so that the population of the future will be heavily weighted with them. On this score, the biologists are almost silent. We know a great deal about the breeding of certain physical traits in horses and cattle — even among plants; but precious little is known about breeding human beings. Assuming that we did know much more, significant questions arise. What traits are to be desired? Who is to be the judge in the selection of these traits? When we ask, Who are the superiors? the answer is vague. From epoch to epoch, and society to society, the traits of the elite have varied. The militarist would want to breed strong men. The teacher would prefer persons of superior mental ability. The autocrats would probably prefer the meek rather than teachers. The churchman would stress the breeding of moral and spiritual traits. Even if it could be decided what traits were desirable, we would still be faced with the difficult task of determining how these traits could be passed on.

**Euthenics.** Some people regard heredity as a relatively unimportant factor in human development especially since so little deliberate control can be exercised over the breeding of the human stock in our kind of society. This view does not oppose the notion that the constitutional make-up of some few individuals will predispose them to a life of mediocrity and dependency regardless of their opportunities. Rather it is the belief that life opportunities for individual development should be extended to a larger part of the population. In this way, potential contributions to the common good from millions of poor persons with talent can be realized. Unequal opportunities represent a tragic and obvious waste of human resources. Ameliorative social action, in the form of employment opportunities, educational facilities, more stimulating family life, and adequate health provisions, can do much to advance our culture.

Individuals, obviously, differ in talent and achievement. An individual may have a born talent for doing intricate mathematics, but environmental conditions, especially the training he will receive, determine his achievements in the field of mathematics. Moreover,

the attempt to explain these differences by hereditary or environmental forces is now being shelved. At all points, individual and group characteristics are influenced by biological and environmental factors operating together. Physical anthropologists have shown that the physical traits usually considered most fixed, such as bodily form and height, may be modified by environmental influences.<sup>1</sup> It has been clearly established that social heritage plays a role in the determination of intelligence and personality.<sup>2</sup> Differences in nutrition, family life, education, occupational opportunities, and other social forces are always intertwined with the operation of genetic factors. Thus, caution must be exercised in making any generalizations concerning the importance of hereditary and environmental forces on human development.

### URBAN AND RURAL DIFFERENCES

The population composition of the city is in marked contrast to that of the country. Among the more distinguishing biological factors between urban and rural populations are age and sex, while the major cultural differences are nativity and occupations.

**Age Differences.** Young adults tend to concentrate in our cities, while the old (over sixty-five) and the young (under twenty) predominate in the country. The modern city has been created largely by the industrial revolution, and it is no wonder that the city is the symbol of economic opportunities. Thus, ambitious persons in the prime of life seek the city. However, cities vary among themselves as to age composition. In cities along the Pacific coast there are comparatively few children and many aged persons, while cities in the South show the opposite picture. Within the orbit of the large cities, the outlying areas show an age composition much like that of our rural regions. On the other hand, the central areas of the large city reflect the typical age composition of our cities.

**Sex Differences.** Country women who do not marry usually migrate to the city where self-support is possible. As a result, our cities contain more women than men, while our rural areas are

<sup>1</sup> Franz Boas, *Changes in the Bodily Form of Descendants of Immigrants*, Columbia University Press, New York, 1912

<sup>2</sup> William F. Ogburn and M. F. Nimkoff, *Sociology*, Chaps. 1, 2 H. H. Newman, F. N. Freeman, and K. J. Holzinger, *Twins: A Study of Heredity and Environment*, University of Chicago Press, Chicago, 1937. E. W. Burgess, ed., *Personality and the Social Group*, University of Chicago Press, Chicago, 1929

characteristically male. This is not true of our largest cities, where the sex ratio is in favor of males. The explanation for this is the presence in the large cities of many foreign-born males who have left their families behind. Many of these persons hope to return to their native lands with a small fortune, or to save enough money to pay for the boat passage of their spouses. Women are especially numerous in our southern cities, while the western cities have the largest proportion of males. The proportion of males in satellite cities declines with the distance from the large city.

**Nativity Differences.** People from every walk of life and every corner of the world have come to the city. Indeed, the city has been regarded as the "melting pot" of races and cultures. In America, the foreign-born and their offspring are concentrated in the urban areas. It is common to regard the large city as a series of cultural "islands" or "colonies" of the most diverse social backgrounds. Chicago has more Polish persons than any city in what was formerly Poland; and New York has more Italians than most cities in Italy.

In cities of more than 1,000,000 population, the foreign-born and their children make up nearly two-thirds of the population. This proportion declines as the size of the city decreases, until in the rural areas five-sixths of the population are native whites of native parentage. The native whites have been increasing their proportion in the middle-sized cities (25,000-30,000); and by 1930 they made up about half of the population of these cities. In fact, the preponderance of foreign stock is less pronounced today than ever before. More than half of our city people are native white; whereas in 1870 only one-fourth were native white. In rural areas, on the other hand, the population has continued to be predominantly native white of native parentage.

The Negroes have also flocked to our cities. The greatest migration wave of Negroes from the South to the northern cities came during and after the first World War. Negroes constitute a decreasing part of the total population. Representatives of other racial and ethnic groups such as the Orientals and the Mexicans are also to be found in our cities. It is apparent, then, that "one major characteristic of the urban dweller is his dissimilarity to his fellow townsmen. . . . Never before in the history of the world have great groups of people so diverse in social background been thrown together in such close contacts as in the cities of America.

The typical American city, therefore, does not consist of a homogeneous body of citizens, but of human beings with the most diverse cultural backgrounds, often speaking different languages, following a great variety of customs, habituated to different modes and standards of living, and showing only in varying degrees the tastes, the beliefs, and the ideals of their native fellow city dwellers.”<sup>1</sup>

**Occupational Differences.** The country continues to play its traditional role as the home of the farmers. The city, on the other hand, is the “workshop of American civilization.” Most of the industrial establishments, wage earners, and salaried officers and employees are found in the city. The bulk of manufactured products and commercial distributing centers are concentrated in the great cities.

Generally, a larger proportion of the adult urban population is employed than is the case with the rural population. However, children are more of an economic asset on farms than they are in the cities. Not only is the urban world the “great employer,” but the types of occupations in which city and country people engage also differ. Those employed in trade and in clerical service are more numerous in large cities than in the rural areas and small cities. Moreover, the large cities favor the small business man and others who are self-employed. In fact, it appears that only the larger cities can support the professional workers, especially the artists. In the city the bulk of workers are concentrated in the ages eighteen to thirty-nine years; while workers in rural areas are more evenly distributed throughout the various age groups. Finally, the city worker is faced with a shorter working life than the man in the country. In this sense, the economic security of the country worker is higher than that of the city man, though the city offers a greater variety of vocational and economic opportunities.

### POPULATION PROBLEMS

**Increasing Population.** The population of the world has been growing rapidly during the past three hundred years. If the population were to continue to grow at the same rate in the next three hundred years, as it has in the last century, there would be more than eight billion persons. To some people a continued growth is

<sup>1</sup> National Resources Committee, *Our Cities Their Role in the National Economy*, U S Government Printing Office, Washington, D C, p 10.

looked upon as a tragedy. The picture they draw is that of a suicidal race between the number and the welfare of people.

In the early nineteenth century, one famous writer, Thomas Malthus, believed that a growth of population would result in mass starvation and misery. Today we know that Malthus' observations were not extensive enough, because he thought that a standard of living is a function of only two variables — population and food supply. In modern times, the application of science and invention to food production has forestalled the day of reckoning. Furthermore, our inventions have transformed innumerable minerals into material goods. New uses for our natural resources are being found constantly. The development of economic agencies and institutions has also multiplied the material welfare of our people. Today, we no longer think of the welfare of a population only in terms of the food supply, but also by the many other material goods which a century before were unknown. Moreover, today through storage and transportation facilities the supply of one area can be made available to others.

In the history of America, population growth supplied the basis for a remarkable expansion of economic activity. The expansion of our numbers stimulated the opening up of new areas, the use of a host of minerals, of hitherto unutilized sources of power, and the establishment of many new industries. Many Americans found their property located along the lines of population advance, or their new businesses catering to a growing market, and they have thus enjoyed the most privileged economic position in the world. Even the American wage earners to some degree shared these economic advantages in areas serving growing populations. It is not difficult to appreciate, then, why an increasing population has been considered a normal characteristic of a people. Thus, it appears that population expansion in relatively recent times has not been considered a problem. However, in some parts of the world an increasing population may be related to the problem of population pressure. This topic will be considered in the next section of this chapter.

**Declining Population.** That we are approaching a stationary or even a declining population comes as a surprise or a shock to most Americans. For the first time in our history we are witnessing a reversal of a long record of increasing numbers. When the day of

the census draws near we realize that the size of a community is a matter of local pride. Cities and towns try to outdistance one another in growth, and the probability of merely a small gain in population is viewed as an actual loss. Census recounts are demanded, and political boundaries are widened in order to show a growth in numbers. Within the next three years, as more aspects of the 1940 Census data are released, many speeches and written articles will carry a pessimistic note about our declining population.

Historically, our nation has been a youthful one. The tradition of population expansion has been accompanied by an attitude of optimism. A reflection of this spirit has been our eagerness to try new inventions of all kinds — technical and social. With the slackening and maturation of our population, conservatism and a greater resistance to social change might result.

Those persons who sell goods, or own real estate, or wish to enhance our national glory through the military might of increased man power are unhappy about the news of a stationary or contracting population. Relatively speaking, business men have had an easy time of keeping their doors open. With an ever-increasing stream of new customers, profits were more or less assured. An increased volume of sales meant economies in production and the cost of selling goods. Business became geared to an ever-increasing market. With a slowing down of our growth in numbers, the business speculations of the past will be hazardous. Business "mistakes" will not be so easy to cover up as they were in an era of expanding markets. More bankruptcies may be expected, as is indicated in the history of France after the first World War. The chances to stage a comeback in business will not be as bright as in the past.

The increase in the proportion and number of older people might change buying habits. One expert states that "young people are the ones who set up the new households, requiring household equipment of all sorts, and producing children who will need everything from diapers to college education."<sup>1</sup> Recreational supply companies will shift to a new clientele and are wise to anticipate a decline in the demand for baseballs and an increase in the demand for golf balls. Perhaps advertising will change its copy appeal.

<sup>1</sup> A. Van Vliissingen, "The World's Greatest Fact" (an interview with General R. E. Wood), *Forbes Magazine*, May 1, 1940, p. 12.

However, the age distribution and size of our population will not change overnight. As our population growth slackens, business can make its adjustments gradually to a contracting market. In fact, the business men who sell luxury goods, such as fur coats and automobiles, may not suffer at all from a smaller population, if wages and salaries are increased and more widely distributed.

The traditional rise in real-estate values was virtually caused by our increasing population. A man could make a fortune by owning a piece of land which developed into the central business district or the better residential areas. The decline in the rate of population growth and the slackening of city growth will tend to depress urban land values. Even rural land values will tend to decline because of increased mechanization and efficiency of agricultural production.

Population changes may be expected to influence the opportunity for employment. Perhaps the average workingman will be better off with a stationary or declining population. Yet, the estimates for 1970 indicate that the number of persons in the productive ages, fifteen to forty-five, will increase in total.<sup>1</sup> This will be offset partly by a declining number of youths, who, at the present time, add more than one-half million new recruits to the labor market annually. The decline in the number of children has already been felt by the milk industry, where the laborers face the prospect of further unemployment. In addition, the speed required in the new industries has resulted in the policy to hire young persons. The older workers will find it increasingly difficult to secure employment. For elderly women the situation will be even worse, for there are few jobs for them now.

In the past, the formation of a relatively large volume of capital was involved in the maintenance of employment and the functioning of our economic order.<sup>2</sup> In the last half of the nineteenth century fully 60 per cent of new capital was due to an increasing population. With the turn of the new century, opportunities for capital investment in the development of frontier territory disappeared, but an additional forty-five million in population, and the creation of new industries, such as the automobile industry,

<sup>1</sup> National Resources Committee, *Problems of a Changing Population*, p. 25.

<sup>2</sup> Philip Hauser, "Some Implications for Capital Investment of the Population Changes in the 1940 Census," Bureau of the Census, Washington, D C, 1940.



afforded outlets for capital. With the cessation of population growth in sight, an important avenue for capital investment is being closed, but newly developed industries might be substitutes. Candidates for such a role are in building construction, such as prefabricated inexpensive housing, air-conditioning units, and the plastics. If the prospect for continued capital investment by private builders does not meet up with expectations, the government might make increased public investments, such as in housing; park and recreational facilities; construction of bridges, roads, and public buildings; and military and naval expenditures for national defense. Yet if our low fertility and small immigration trends continue, the investment problem will tend to become acute. In previous decades, due to the pressure of population, a third to one-half of all capital investment was devoted to residence and business construction. This picture will be changed unless new developments appear in building activity.

We have noted that a declining population will mean an increasing proportion of elders. These changes will have marked effects upon the government. It is probable that by 1970 more than half of the voters will be over forty-five years of age. Thus, legislation will likely be more influenced by the desires and attitudes of the old. Furthermore, a growing number of old people will affect our taxation system. Various social security payments will mount in total as more old people come into the population. If the government becomes a contributor towards old-age insurance, the tax bill of the nation will increase. Older people might even vote themselves larger benefit payments, and listen more attentively to such proposals as the Townsend Plan.

A decline in our population will take place largely by a gradual decrease in the numbers and proportion of children. Already we know that children are becoming scarce. The enrollment in our elementary schools is steadily declining. According to W. L. Austin, Director of the Census, "In 1880 children under 5 years of age constituted 13.8 per cent of our population. Fifty years later — 1930 — they were only 9.3 per cent. In 1930 . . . 58.8 per cent of the total families . . . had no children under 10 years of age, and . . . 38.8 . . . had none under 21."<sup>1</sup> For some years this situation has been

<sup>1</sup> W. L. Austin, "Background of the 1940 Census," Bureau of the Census, Washington, D. C., 1940.

a point of attention in many sections in Europe; and it is common to see such news captions as *A Nation Without Youth*. It may be, on the other hand, that this shift will bring a new attitude towards youth. Possibly an enlightened view will emerge which regards adolescence as a period of development and education. What changes might appear in the personality makeup of the only child are still not clear; though there may be a greater tendency towards an unstable personality. \*

The National Resources Planning Board's Committee on *Problems of a Changing Population* is inclined to regard the population trend as beneficial to the life of the nation. Their analysis of the transition from an increasing to a stationary or decreasing population leads them to state: "It insures the continuance of a favorable ratio of population to natural resources. . . . This supplies the material basis for a high level of living, if these resources are used wisely and if cultural conditions are favorable to initiative and cooperative endeavor."<sup>1</sup> At any rate, our people will witness a change of economic, political, and cultural life, the emergence of new social problems, but also the prospect of more rational planning and the possibilities of orderly progress.

**Population Pressure.** A frequent explanation given for the aggressive and warlike attitudes of certain nations is population pressure.<sup>2</sup> By "pressure," it is meant that a relationship exists whereby the basic economic resources (transportation facilities, methods of providing goods and services, extent of natural resources, and the known possibilities or new economic developments of an area) are insufficient to support the existing population. Japan's invasion of China, and Germany's annexation of Czechoslovakia and much of Poland were supposed to be largely caused by the needs for living space which only additional lands could satisfy. However, population pressure, as such, is not a cause, but is merely an excuse for war. If people can be made to feel or think that their insecurities and problems require geographic expansion, population pressure serves the purpose of making people feel that war is a necessary instrument for their welfare. Population pressure must also be judged in relation to the relative absence of pressure in other areas,

<sup>1</sup> National Resources Committee, *Problems of a Changing Population*, p. 7.

<sup>2</sup> Warren S. Thompson, *Danger Spots in World Population*, Alfred A. Knopf, Inc., New York, 1929.

especially neighboring areas. People may live in poverty and still not feel that their condition can be remedied by acquiring new land. Java is overcrowded and poor, but the Javanese have come to accept their life as it is. It is important to observe that at the same time that the governments of Germany and Italy have been clamoring for more of the world's territory because of their own overcrowding they have made every effort to raise their birth rates.

Historically, societies have tried to counteract population pressure by cutting down on the birth rate (viz., abortions) or increasing the death rate (viz., infanticide). In modern times birth control has limited the number of offspring, and the death rate will rise as the population matures in age. Population pressure may be relieved through emigration, technological advance, and through trade. Yet, some nations discourage emigration because they believe that numbers will strengthen their military status and their ability to secure new resources. During times of war, trading as a method of expanding resources is hazardous and subject to immediate stoppage. Some nations have come to regard as unfair the condition whereby their neighbors enjoy more natural resources and a favorable trade. There has been a race, therefore, to expand the military might of the nation so that this unequal distribution of material goods can be changed. As a result, emphasis is usually placed on numerical might, and on the creation of a war economy. In this way national policy might actually cause a greater degree of population pressure, though the original purpose is to remedy the maladjustment. Present military experience indicates that the idea of great numbers of men as a means of protecting and furthering the welfare of the nation is unrealistic. Wealth, organization, technical skill, and morale are at least as important as mere numerical strength in military affairs.

Undoubtedly in some parts of the world, for example in China, India, Japan, Java, and Egypt, overpopulation or population pressure is a factor in mass poverty. The United States as a whole, however, is not overpopulated in comparison to other nations. Yet pressure of population in relation to the present use of economic resources is already a factor in causing chronic poverty for some agricultural, mining, and forest areas in this country.

The natural resources of an area, its population size, location, and technology may have reached a point at which a relatively

high level of living is possible, but economic imbalance may exist because the various parts of the economy are badly adjusted. During the period of the dislocations, mass unemployment and severe need may result. However, in this situation population pressure is not caused by the basic disparity in the relation of numbers of people to resources.

Population pressure may be due to the maladjustment of population to resources which is caused by the exhaustion of the natural resources on which the livelihood of a region or nation depends. This condition now marks the Great Lakes cutover region of northern Michigan, Wisconsin, and Minnesota. At one time, the forests of this area yielded great wealth and provided employment to many. Today, the area is stripped of its forests because of rapid exploitation and failure to reforest the area. As the land was cleared, employment in the lumbering industry decreased. Settlers turned to agriculture as a livelihood, but the land was unfit for cultivation and a subsistence level of living resulted. Today, there are many isolated farm houses in this region, and the opportunities for employment are scarce. The relief of population pressure in this region depends upon the development and application of a long-time plan for the restoration of forests; but in the meantime many people live in poverty. Employment in the copper industry in the Great Lakes region is also decreasing because of the relatively high costs of mining in areas whose best resources were skimmed off and because of the tendency of the copper-mining industry to move on to more favorable areas in the West and Southwest.

Another maladjusted area in the United States is the Great Plains region, extending from the Dakotas and Montana to northern Texas. This is a region of sun and high wind, and of little rain. Originally, this area was a range country, and later it developed into a wheat-farming region. During the past decades erosion, overgrazing, and reckless farming have depleted much of the soil resources in this section. Wheat planting robbed the soil of its sod covering, and the droughts and dust storms took the lower layers of soil. As a result, millions of acres of farm land have been ruined, and many families were deprived even of bare living essentials. These families — the "Okies" among them — have been driven from their homesteads and are still treading their paths to the West. Large-scale plans, based on soil conservation, are being formed to

check the wastage in this area. It is estimated, though, that the development of a sound economy in this region will involve far-reaching changes in the present uses of the land, and at best the area will support only two-thirds of its present population.

There are other parts of our country in which suffering has resulted from the effects of soil erosion. In many areas, intensive cultivation of slopes has caused the washing away of millions of tons of topsoil. The pressure of population which resulted is similar to that which occurred in the above-mentioned areas. Throughout the agricultural and mineral areas an effort is being made to stop the wholesale destruction of our basic resources. The programs which are emerging to meet these maladjustments may require the moving of portions of our population from poor farm lands so that these lands might be shifted to forest development or pastoral uses.

Population pressure is also caused by conditions under which the characteristic occupations of an area and the number of people seeking the available jobs result in a relatively low level of living. Usually the areas of the extractive industries (agriculture, mining, and forestry) are marked by this trait. The Northwest, Southwest, and especially the Southeast have average per capita incomes about one-half that for the nation as a whole.

Among the farm population alone the average per capita income in the Southeast was \$183 (in 1929), as compared to \$818 in the Far West. In fact the average productivity of the family in the Southeast was well below that of the average farmer in England.<sup>1</sup> This situation is explained in part by the fact that the Southeast has 40 per cent of the farm population but only 17 per cent of the total farm land. This means, then, that the area is also marked by a relatively high birth rate. It is thought that the high reproduction rate of the area is a result of the low average income, the lack of contacts with other areas, and the meager educational opportunities. In fact, during the depression years 1930-1934, over half of the natural increase of the nation occurred in the states of the South and Northwest, which contained only one-third of the total population, as the map in Fig. 6 indicates. Other factors which limit the opportunities for adequate living in the farm lands of the South are the low quality of land, backward agricultural methods, and the distance to markets.

<sup>1</sup> National Resources Committee, *Problems of a Changing Population*, p. 43.

The bituminous coal-mining areas of the Appalachian region show a similar maladjustment. Competing fuels, such as oil, the use of more economical mines, and the mechanization of mining have caused fewer opportunities for employment in this occupation.

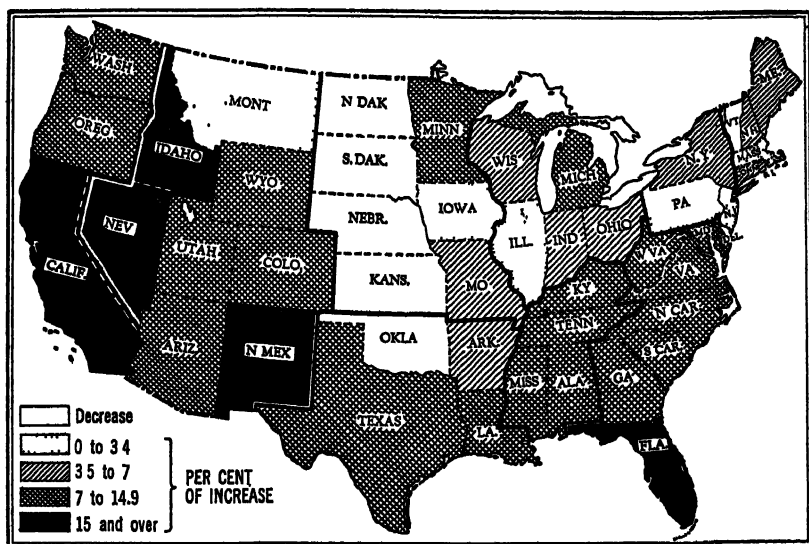


FIG. 6. INCREASE IN POPULATION, 1930-1940

From Philip M. Hauser, "Some Implications for Capital Investment of the Population Changes Revealed in the 1940 Census," U. S. Bureau of the Census, Washington, D. C., 1940.

The result is that many mining villages have been left stranded of a livelihood base; and in other villages part-time employment is common. The attempt of miners in this region to eke out a livelihood by farming tends to create other problems, for the agricultural resources of the region are insufficient to support even the present farm population.

Thus, population pressure is a condition which is created by the trend in birth and death rates, the nature of migration of people, and the economic resources of an area. In addition, population pressure results from the conception people come to form of the level of living to which they are entitled. In some instances, these conceptions make existing life conditions intolerable, and may be used as the excuse for aggression towards other nations.

## POPULATION POLICIES

All modern nations have a population policy of some kind. These policies vary in details and in degree of explicitness, but underlying all of them are the features of the "best" size and quality. We have noted the possible effects of a changing population, and how an increasing as contrasted to a decreasing population would please different interest groups. Yet, it is difficult to speak of a "best" population, because we inevitably get into the realm of standards of living and racial or other differences between people.

Concerning ourselves first with what constitutes the "best" size of a population, the following items must be noted. There have been two main routes by which our population has grown: (1) the surplus of births over deaths, or natural increase and (2) immigration. In America, there has been no national policy to control the birth and death rate, except in the interests of the individual. The thought has prevailed that births and deaths are not a proper realm for government attention, but belong rather to the forces of fate or to individual fortune.

When more people learn that our rate of population growth is declining, and have their prejudices aroused, it might be expected that pressure will be placed on the government to stop the decline. This has already occurred in some of the major nations of Europe. In Germany and Italy, for example, the state pays a bonus for each birth, or else money is loaned to a couple contemplating marriage, and with each increase in the family, part of the debt is canceled. In the 1920's in France, the state ordered that the wage of a worker should be based in part upon the size of his family. In the United States, the single person or the childless married couple are penalized in the form of a relatively higher income tax. Warren S. Thompson, an eminent population expert, proposes that our government encourage births by recognizing motherhood as a vocation, and paying the mother a wage.<sup>1</sup> Regardless of what method is chosen to raise the birth rate, it must be recognized that such efforts cost much money. Individuals may have to choose between larger families and increased taxes. At that, there seems to be a limit to the effectiveness of increasing the population through a raised birth rate, as we have seen in Italy and France.

<sup>1</sup> Warren S. Thompson, *Population Problems*, McGraw-Hill Book Co., New York, 1935, pp 450-455.

Since the death rate is expected to increase in the next two or three decades, another feature of our population policy might be directed to keep the death rate at a low level. In the past century, the big drop in the death rate came as a result of reducing the mortality among infants. Yet the survival of a greater number of infants to maturity operates today to create a disproportionately large number of adult persons. The state might spend increasing sums of money in the field of medical research which is aiming to reduce the death rate among the elders. Public health agencies may be directed increasingly to conserve the health of the older persons. Even in this sphere, the effectiveness of a population policy is doubtful.

Italy, for example, has discouraged emigration in order to retain her economically productive population. Germany, too, has adopted a similar attitude. Both nations have been reluctant to recognize expatriation. In Germany, moreover, persons of means are discouraged from leaving the country, upon penalty of losing their possessions. Of course this measure is primarily intended to keep the wealth within the nation, but it serves as an obstacle to emigration.

Beginning with the 1920 decade, the United States adopted a policy of restricting immigration. If we want to keep our population from decreasing, there will probably be a demand to relax our present restrictive immigration policy. In fact, it is much easier to increase a population by immigration than by efforts to increase the birth rate or to decrease the death rate. However, if the unemployment problem continues, the agitation to open our doors freely to immigrants will not be very effective.

Migration within a country is also a feature of population policy. In the United States, internal migration is an important force in modifying the accumulation of population that would otherwise result from the differential rates of natural increase in different areas. Americans are no longer as free to move where they please as they once were. Restrictions on eligibility for relief and settlement laws in the various states together with deliberate and sometimes violent efforts to keep out prospective dependents are among the measures employed for this purpose. On the other hand, the Federal government has created the Resettlement Administration to move entire groups of people from areas of limited



opportunities to new areas. The policies of the government as relating to the development of power, transportation and communication, and housing facilities have also served to redirect the distribution of farm and city populations. In some instances the migration aspect of population policy may indeed become very stringent and cruel. This is exemplified by Germany, where the government has created ghettos within areas under its domination, and has forced thousands of peasants from Poland and other conquered countries to migrate into Germany to take the place of German farmers who are in the army.

The problem of quality in the population policy of a nation looms large. The Germans have marked large numbers of persons as "unfit" and, therefore, subject to internment in concentration camps or compulsory sterilization. The prevention of reproduction of persons handicapped by extreme hereditary mental deficiency may be socially desirable; but caution must be exercised. We need further definition, measurement, and agreement about those who are the hereditary unfit. Class interest or racial and religious prejudice may easily influence the policy in this field. It is extremely easy to use the quality feature of population policy as a weapon for witch hunting. To date, our Federal government has not adopted any sterilization program, though twenty-seven states have enacted some compulsory sterilization laws.<sup>1</sup>

Our Federal government has for a long time exercised control over the quality of our immigrants. Starting with the exclusion of the Chinese in the 1880's, we also excluded paupers, criminals, convicts, and the insane. By a law of 1891, to this list were added the idiots, prostitutes, polygamists, and persons with contagious or loathsome diseases. Even tests for literacy and education, and wealth qualifications were included. There is much doubt, however, whether or not these criteria are in any way related to quality. More important, our recent immigration laws favor the migrants from northwestern Europe. The annual quota of approximately 150,000 immigrants allows only 20 per cent of the total to come from southern and southeastern Europe. If we have felt that the northern Europeans are of a better quality than those of southern Europe, it has been difficult for us to reconcile this attitude with

<sup>1</sup> "Operations for Eugenic Sterilization Performed in State Institutions under State Laws up to January 1, 1933," *The Human Betterment Foundation*, Pasadena, Calif

that of allowing Mexican and, until recently, Filipino immigrants in unlimited numbers.

### TERMS TO BE UNDERSTOOD

population	internal migration
birth rate	immigration
death rate	emigration
infant mortality rate	selective migration
natural increase	eugenics
net reproduction rate	euthenics
expectation of life	population pressure
quota countries	age distribution

### QUESTIONS FOR DISCUSSION

1. What effect will the future trend of our population growth have on the age composition and on the size of our population?
2. Is it possible that in spite of the fact that our population increased by almost 800,000 last year, we are not maintaining our numbers? Why?
3. Francis Walker, a former head of the Census Bureau, once declared that our present population is no larger than it would have been even if the millions of immigrants (those arriving in the latter part of the nineteenth century) had not come to America. What reason do you suppose he advanced in support of this statement? Do you think that he was correct?
4. What are the ways in which population pressure might come into existence? What methods can a nation use to relieve its population pressure?
5. Is an increase of population beneficial or harmful and under what conditions?
6. What is the population trend in your city, your county, or your state? How does this trend affect the problem of dependency, the schools, public services, land values?
7. Below is a sample of a population pyramid which shows the age and sex distribution in a given community. Make one of your own town, city, or county.

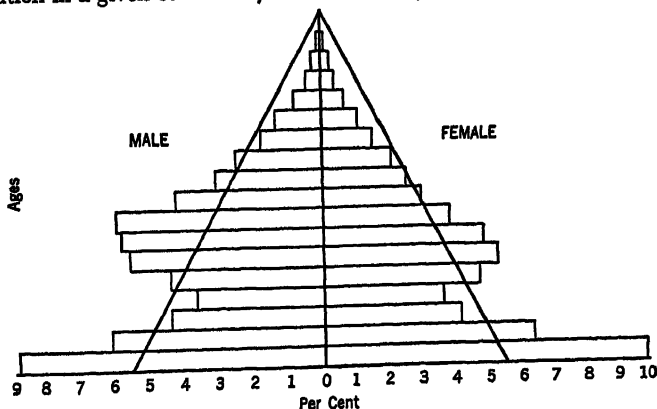


FIG 7. POPULATION PYRAMID OF A COMMUNITY

To find the population figures by age, sex, color, and nativity consult Table 12 of the 1930 Census. Take the entire population as 100 per cent and calculate the per cent of the total population for each of the 38 age-sex groups beginning with males 4 years and under, and including all over 90 in the 90-94 age group. Note that the 1930 Census gives 5-year age periods for the ages up to 34, 10-year age periods for 35 to 74, and one age period for 75 and over. Consequently, you will have to divide the 10-year age periods by 2, and the 20-year age period by 4. How do you explain the indentations in the population pyramid?

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### CHAPTER III

## TECHNOLOGY

It has long been recognized that science and technology have played an important part in the development of modern industrial society, yet few have fully realized that these forces have had a directing influence on our present social order. To admit that these inanimate forces were directing man's destiny seemed to minimize the influence of man's efforts to guide his own destiny through intelligence and wisdom. It is not intended here to support a purely technological conception of history, for any single interpretation is bound to be inadequate. It is hoped, however, that by showing that modern technology has been both an important cause and effect of social change, organized society may attempt more seriously to understand the effects of technology and to use this understanding for the betterment of society. Certainly the existence of widespread poverty alongside the most magnificent producing mechanism yet devised does not speak very highly of man's ability to use existing means to improve the lot of the average member of society.

This chapter seeks to show the development of inventions and technology during the last few centuries and to indicate how these developments were basic to the rise of modern industrialism. The effect of inventions, singly and in groups, on the economic, political, and social systems will be indicated; and the effect of the latter on inventions will also be shown. The concluding section will indicate recent developments in technology and their probable effects, with a brief discussion of how society might prepare itself for these anticipated results.

### NATURE AND DEVELOPMENT OF TECHNOLOGY

**Kinds of Inventions.** To the average individual the term "invention" brings to mind some new mechanical device that has been perfected. To the student of social science this is only partly

true, because invention includes any new element in the culture, and it may be either material or nonmaterial. Thus, workmen's compensation, social security, companionate marriage, city-manager plan, the Australian ballot, and the junior college are examples of inventions or new elements in society, although they are obviously nonmaterial. There are other inventions which consist of processes of doing things, such as the making of fire, the domestication of animals, and agriculture, all of which have been invaluable to man's progress. We are all familiar with the mechanical inventions of society, such as the wheel, the steam engine, the radio and telephone, the airplane, the automobile, and countless others which have made our modern, mechanized, industrial economy possible. In order to avoid confusion it has been suggested that the term "social invention" be used to mean any invention that is not mechanical and that is not a discovery in natural science.<sup>1</sup> The discovery of a cure for smallpox is a discovery in natural science, yet it is not mechanical. A new technique or procedure in laying out an assembly line is also just as much an invention, and might be just as valuable as a new tool or a new machine to be used in production. Thus it should be clear that inventions can be either material or nonmaterial. However, for convenience the term "invention" as used in this chapter will refer to material invention.

**The Origin of Invention.** Most important inventions are usually associated with the name of a single man, the man who finally perfected the idea, or the man who received the patent for the mechanism. Any historical study of invention will show, however, that most inventions are not the discovery of any single individual but that they represent the labor of many men over a long period of time. The general state of knowledge on any given subject at any one time is known to those interested in that subject, and the specific problems to be solved attract the attention of many scientists in the field. It becomes, therefore, a matter of chance who will be the first to perfect the needed invention. Thus today hundreds of scientists are working on a cure for cancer, and if any one individual is successful in finding a cure, it is more than likely that he will have depended heavily on others in the field for information

<sup>1</sup> William F. Ogburn and Meyer F. Nimkoff, *Sociology*, Houghton Mifflin Company, Boston, 1940, pp. 859-860.

and leads as to possible solutions. Yet, in most cases, the ultimate discoverer is given all credit for finding the proper solution.

Fundamentally, inventions are the result of man's attempt to solve the problems which beset him. When organized society first began, and men had to learn how to live with each other harmoniously, many new customs developed to make the organized society a lasting one. Laws had to be devised, methods of communication had to be invented, the family or some other group had to be set up to rear the children, and so on. As new problems arose they had to be met, and if an existing custom or institution could not be used to solve the problem a new institution arose to solve it. Thus, in our own times, we had no adequate method of dealing with economic want, so we invented or devised legislative means to solve these problems, namely, social security legislation and the relief setup. In modern times we have been able to identify the discoverer or inventor of new ways of doing things, but the origin of some of the most important inventions in civilization is shrouded in mystery. This certainly applies to the domestication of animals, the making of fire, the wheel, the wedge, and many others.

Our interest here is primarily with the methods employed to solve man's basic economic needs and desires. Our early ancestors who moved about from place to place in search of game soon discovered that by throwing an object at an animal they could subdue it with ease. At first ordinary stones were thrown, but in time many hours of hard labor were employed in chipping hard stones into shapes which penetrated the outer skin of a hardy animal and thus made the kill more certain. The stone arrow thus developed was one of man's most important early inventions and aided him greatly in solving his food problem. Other stone implements were devised for cutting down trees and carving them into useful utensils and implements.

When man discovered metals and learned how to work them into desired shapes, he was able to devise more complicated tools and implements to aid in his fight against nature for the food, clothing, and shelter he needed. This process has continued unabated until, today, we are able to satisfy our basic needs with relative ease and are able to produce luxuries and semiluxuries with which to enrich our lives. It seems that we are able to devise almost any mechanism which is needed in production.

It has often been said that "necessity is the mother of invention," and many people feel that if we need an invention badly enough it will be forthcoming. It is true that in many cases need has been instrumental in causing inventions to occur. When a pressing problem besets society, the brains of that society concentrate on a solution to that problem, and as a result of this concentrated effort a successful solution in the form of an invention has often resulted. Yet it should be borne in mind that need by itself will not automatically bring forth the required invention. If the necessary elements of an invention are in existence, need may bring forth the invention. We need a cure for cancer very badly, but thus far none is forthcoming. We could make very effective use of a means of transmitting electrical energy through space without wires, but there are no signs yet of such a discovery, although the authors of our comic strips have invented it in their imaginations. As indicated above, however, by attracting the energies of our scientists, these particular problems may very well yield to newly invented solutions.

**The Spread of Inventions.** The inventions of one group become known to other groups by the process of diffusion. In primitive societies there was very little contact between the various organized groups, so that centuries often elapsed before the discoveries of the one became known to the others. In time, as methods of communication improved, inventions spread rapidly from group to group. Today a new invention may become known to the entire civilized world in a few hours by means of modern methods of communication.

War and the subjugation of one people by another have been powerful stimuli to the spread of invention and culture generally. Victorious armies usually plundered the homes of their enemies and thus introduced many new objects to their own people. By taking the native women home as captives many new techniques and skills were introduced into their culture.

Our modern industrial corporations have made a business of introducing their wares to peoples in every corner of the globe. So widespread are some of these products that travelers are no longer surprised when they see a Singer sewing machine, a Standard Oil can, or a Ford car in the most inaccessible spots on the earth.

Some groups make a definite practice of sending their more intelligent students to the more industrially advanced nations so

that they may learn the new ways of production and other new discoveries and bring them back to the mother country. The Chinese and Japanese have sent over thousands of their students to Western industrialized nations, and as a result of this training the students have been able in part to modernize their backward economic systems. The transformation of the Japanese economy during the past forty years represents a remarkable achievement in this respect.

The sending of missionaries and other agents to so-called backward regions has been another important means of spreading inventions. The explorations of the fourteenth and later centuries resulted in a tremendous interchange of inventions between the East and the West. The American culture represents in large part the accumulation of traits that have had their origin in all corners of the globe.

In recent years the great development of communication has accelerated the interchange and spread of inventions within countries and between countries. National and international conventions, books, and periodicals make it possible for scientists all over the world to learn what others are doing. In this way the work of one man can be checked by that of others, and any discoveries can be made known so that others may either give up their search or may use the discovery as a basis for further investigation. So long as international good will continues, this process will continue, but if the present trend toward extreme nationalism goes unchecked, the diffusion of inventions may be sharply and deliberately curtailed.

Many attempts have been made in the past to prevent the spread of inventions so that their benefits could be retained by a particular country. England forbade the exportation of any of her textile machinery in the eighteenth and nineteenth centuries because she was anxious to retain for herself the leadership in the production of textiles and to prevent competition from arising. In other cases the inventions of more industrially advanced nations were available to less advanced nations but they were not used because of the lack of desire or the inability to use them. Countries which hold fast to tradition are very slow to adopt the inventions of other nations, and they cling tenaciously to their old ways of doing things.

**Conditions Favorable to Invention.** Inventions have occurred in all civilized groups and in all ages, yet the rate of invention has



varied greatly from time to time and place to place. In explaining this variation several factors must be taken into account.

In the first place, the physical requirements for invention must be available before they can take place. It is no accident that the countries which had adequate supplies of coal and iron were the first to discover the uses to which these could be put. This explains in large measure why England became the first industrialized nation in the world. Today it is the nations with physical equipment in the form of scientific laboratory equipment that are producing the important inventions.

The general prevailing attitude toward innovation is another important consideration. During the Dark Ages anyone who disputed existing teachings was declared to be a heretic and was summarily punished. It was not safe for one to claim that existing knowledge was wrong, or to show his new discovery and invention to a world that feared innovation and change. The transformation of Europe to a position of dominance in world affairs dates back to the change in attitude toward man's natural and social environment. Instead of accepting the existing order as it was and being satisfied with a certain position in society, thinking men in Europe believed that they could use, and they were determined to use, discovery and invention to change the existing environment and adapt it to the fulfillment of new wants and plans. "This changed attitude, which conceives of science as an instrument for making and remaking a universe of one's own, seems to contain the secret of the European's ultimate political ascendancy over the older civilizations of Asia."<sup>1</sup>

The importance of favorable economic, political, and general social conditions to the development of inventions is emphasized by the fact that many inventions have been forecast in the past by the Greeks and great men like Da Vinci, yet they were not able to proceed very far with the perfection of their inventions because of the unfavorable social milieu. "Greek culture has served as a principal basis for theories of the inventive process that emphasize the difficulties encountered by invention in a politically and economically static society and the dependence of the spread and development of inventions on a parallel evolution of the whole social body. One of the striking incidents in the history of tech-

<sup>1</sup> Carl Brinkman, "Invention," *Encyclopaedia of the Social Sciences*, Vol. VIII, p. 248.

nology is the precocious advance of Greek scientific theory toward revolutionary inventions, such as the steam engine and pneumatic artillery, and the arrest of this advance not so much by social checks or prohibitions directed against it as by the limited and unimportant uses to which it was put."<sup>1</sup>

Table III below shows the great increase in the number of inventions in the United States and other countries. It will be recognized that in the fifteenth, sixteenth, and seventeenth centuries the number of discoveries was rather small, because this period

TABLE III<sup>2</sup>

THE GROWTH OF PATENTS AND INVENTIONS IN THE UNITED STATES  
AND OTHER COUNTRIES

<i>Patents Issued in the United States, 1840-1937 by Five-Year Periods</i>		<i>Inventions Reported by Darmstaedter, 1450-1899 by Twenty-five Year Periods</i>	
<i>5 Years Ending —</i>	<i>Number of Patents</i>	<i>25 Years Ending —</i>	<i>Number of Inventions</i>
1845	2,425	1474	39
1850	3,517	1499	50
1855	6,143	1524	84
1860	16,997	1549	102
1865	20,779	1574	109
1870	58,833	1599	127
1875	61,024	1624	135
1880	64,496	1649	129
1885	97,357	1674	237
1890	110,493	1699	218
1895	108,456	1724	180
1900	112,325	1749	281
1905	143,791	1774	410
1910	171,560	1799	680
1915	186,241	1824	1,034
1920	197,644	1849	1,885
1925	203,977	1874	2,468
1930	219,384	1899	2,880

<sup>1</sup> *Ibid.*, p 248.

<sup>2</sup> Adapted from Research Committee on Social Trends, *Recent Social Trends in the United States*, p 126

NOTE Patents and inventions are not identical. Many inventions are not patented. Many patents concern such small improvements that they may not be called inventions. It is difficult to draw the line between inventions and technical improvements or adaptations. A single major invention, such as the automobile, may combine hundreds of patents, while the invention itself may not be patented. *Ibid.*, p 123, note.

still suffered from the effects of the retardation of scientific progress during the Dark Ages. With the growth in freedom of thought and expression and the acceptance of scientific discoveries and mechanical inventions, the way was opened for greater progress along these lines.

**The Cumulative Character of Inventions.** Table III above also shows the cumulative effect of inventions. The more inventions there are the more inventions become possible, because there is so much more raw material to work with. A single important invention opens up an avenue for countless other inventions to follow. All of our complex machines today, the automobile for example, are the result of the accumulation of many simpler machines and inventions. As far back as 1857 it was possible to state that "the present spinning machinery is a compound of about 800 inventions."<sup>1</sup>

The automobile today is taken for granted because it is so commonplace, yet it represents the result of a large accumulation of different inventions. If Goodyear had not accidentally discovered how to make rubber, high-speed travel on roads would not be possible. Comfortable travel would not be possible without pneumatic tires, springs, and shock absorbers. Inexpensive travel would not be possible without cheap gasoline, which originally was a by-product of kerosene. The automobile itself in its present form depended upon the invention of the gasoline motor. Methods of transferring power from the engine to the wheels had to be discovered. Methods of braking, such as the hydraulic brake, had to be perfected to permit safe driving at high speeds. Safety glass came eventually, as did the all-steel top and body. Recently, soy beans have been converted into durable plastics which do not deteriorate in grease and oil and which are used extensively in making automobile parts. The self-starter represented a great advance and made driving more popular with women. Along with these inventions which are to be found on any automobile today, there are countless others which have come along with the automobile and have made travel safe and fast. Among these are well-built hard surfaced roads, traffic lights, clover-leaf approaches to roads and many other related innovations.

<sup>1</sup> Stuart Chase, *Men and Machines*, The Macmillan Company, New York, 1937, pp 72-73

**Inventions Underlying the Industrial Revolution.** Inventions differ in importance in regard to their effects on society. The zero, the alphabet, the wheel, and agriculture had tremendous significance in the development of world history. The great invention of modern times was steam power and its application to production and transportation. A scholar might spend his lifetime in trying to catalogue the direct and indirect social effects of the steam engine without exhausting the list.

The cumulative process of invention is well illustrated in the development of the Industrial Revolution. A new invention in one field led to discovery in other related fields, as well as to improvements in the original invention. The series of clothing inventions in England in the eighteenth century is a case in point.

In 1738 Kay invented the flying shuttle for weaving cotton. This device relieved two persons of the boring task of passing the shuttle from side to side by hand. The flying shuttle was soon widely adopted and before long the weavers were able to weave cloth at a much faster rate than the spinners could spin it. In order to break the spinning bottleneck several ingenious Englishmen began working on methods of improving the spinning process, and in 1764 Hargreaves produced his spinning jenny, which made one wheel operate eight spindles, but before long it was operating 100 spindles. Arkwright shortly thereafter devised the roller spinning frame, a machine which was too big and expensive for home use and thus drove spinning from the home into the factory. In the 1770's Crompton produced the spinning mule which made a much finer and stronger thread and enabled the spinners to spin more cotton thread than the weavers could weave. This situation was soon remedied by Cartwright's loom which again enabled the weavers to keep up with the spinners.

The race between the spinners and weavers resulted in such a great increase in production, with corresponding reductions in costs and increases in sales that a shortage developed in the supply of cotton. The cotton growers were unable to clean their cotton fast enough to meet the demand for cleaned cotton because the cleaning process was so laborious. Once again, however, the bottleneck was removed by Eli Whitney's famous cotton gin which could clean cotton 100 times faster than it could be picked by the Negro slaves.

At about the same time that these developments were taking place another series of developments was taking place in the field of power. The newly created machines were too heavy to be operated by hand, so some other motive power had to be used. The only available power, natural water power, was harnessed to turn the wheels in the factories which were located alongside the streams and rivers.

In 1698 Thomas Savery perfected a practical machine to pump water from coal mines by means of a vacuum created by steam. Some years later Newcomen devised a crude steam engine, and it was when he was called to repair a model of Newcomen's engine that Watt began thinking of methods to improve the crude contraption. One of the troublesome tasks in connection with the operation of this machine was having to douse the steam cylinder with cooler water in order to condense the steam, thus creating the vacuum which created the power. Watt thought of adding an automatic condenser to the machine, and this proved to be Watt's greatest achievement. The initial patent on this invention was taken out in 1769, but the first really successful engine was completed in 1776.<sup>1</sup>

When Watt's steam engine was added as motive power to the rapidly improving textile machinery the Industrial Revolution in England began in full sway. The cotton machinery was modified to make it useful in wool production, and soon a virtual stream of fabrics was flowing from the English factories. The cheapening of the fabrics as a result of these technological improvements so reduced costs and prices and stimulated new demand that the demand for the raw materials increased tremendously. In this country the increase in the demand for cotton so stimulated production that slavery was given a new lease on life and entrenched itself in southern agriculture. In tracing the derivative effects of technology, one is tempted to ask whether the Civil War would ever have occurred if certain mechanical contraptions had not been invented.

These technological improvements are only part of the explanation of the Industrial Revolution. Other favorable factors had to exist so that these inventions could take hold. It was no mere accident that iron and cotton, along with pottery, were the spear-

<sup>1</sup> This development is described in Chase, *op. cit.*, Chap. IV.

heads of the technological advance in the eighteenth century. These industries were virtually new to England, and they were not impeded by vested interests and governmental interference. Still more important, there was one market to be captured from the hand-producing countries and another market to be created by the cheaper cotton fabrics. "Lancashire cotton goods ousted oriental produce from the European, African, and plantation markets and eventually invaded the Orient itself; they stole some ground from the linen and woollen producers; but the total was insignificant when compared with the new demand for more clothing and for domestic decoration which the cheap fabrics created. The story is not one of insistent demand compelling changes in productive methods; it is rather one in which changed methods and lower production costs resulted in a commodity which created a new big demand."<sup>1</sup>

These developments naturally gave England an advantage over her competitors, and she went through the mechanization of the Industrial Revolution so long before the other countries that she won an initial advantage that kept her in front for many years. The developments in England naturally spread to other countries, and beginning in the early nineteenth century the United States experienced its first real start in industrial development. In comparing the United States' growth with that of England, Professor Ernest L. Bogart wrote that there were no vested interests in the United States either of fixed capital or of painfully acquired skill to resist inventions and new machinery. Instead of the frame-breaking riots that accompanied Arkwright's introduction of his machines in England, the cotton planters of the South stole Whitney's ginning machine so they could use it more quickly.<sup>2</sup>

The conditions for industrialization in the United States were especially favorable. The products of the new manufactures were quickly absorbed by the expanding domestic market. The new inventions were hard put to provide the products which were needed, for the existence of free or cheap land in the West created a scarcity of labor. This situation of course was in sharp contrast

<sup>1</sup> Herbert Heaton, "Industrial Revolution," *Encyclopaedia of the Social Sciences*, Vol. VIII, pp. 6-7.

<sup>2</sup> E. L. Bogart, *Economic History of the American People*, Longmans Green & Company, New York, 1936, p. 439.

to the present situation, wherein millions of workers are unemployed and labor opposes the introduction of new labor-displacing machines unless the workers are cared for.

**Capitalism and Modern Technology.** The scarcity of labor described above was an important factor in determining the course of capitalistic development in this country. The labor supply affected the course of technological advances and "it is certain that the dynamics of capitalist economy is bound up intimately with modern technology. As a result of the shift of all heavy work as well as a large share of the finishing work to machines driven by natural power the curve of production was able to rise sharply above the curve of population increase, and great individual and social wealth, characteristic of capitalism, was made possible."<sup>1</sup>

The machinery that was designed in the United States was made to fit the character of the laboring population. The elements that went to work in the factories were largely unskilled, and many of them were newly arrived immigrants who concentrated in the rapidly expanding industrial towns. Important use was also made of the young women from rural areas who congregated in the factory towns of New England and provided a rich source of unskilled labor that could operate the machines designed especially for the unskilled.

Perhaps the outstanding achievement of Yankee ingenuity was the creation of machines that made standard interchangeable parts which could readily be assembled into the finished product with a minimum of hand labor. The modern assembly line in our great automobile factories represents the extension of this principle to a high degree of refinement. It seems that our superiority in this standardization process is largely responsible for our present dominance in manufacturing.

The principle of standard interchangeable parts was not discovered in this country, because it was known earlier in England; but our engineers carried it to perfection. Eli Whitney made an early use of it when he was called upon to increase the production of arms to aid this country in the War of 1812. The standardization process was further stimulated during the Civil War when the Union government needed large supplies of war clothes. The newly perfected sewing machine was produced on a large scale

<sup>1</sup> Emil Lederer, "Technology," *Encyclopaedia of the Social Sciences*, Vol. XIV, p 553.

and permitted the development of large-scale production methods in the making of soldiers' uniforms. The story is told of the demonstration made by an American watchmaker before a group of European watchmakers at the Paris Exposition. The demonstration consisted of taking a number of watches apart and putting the various parts into individual heaps. Then the American producer took a random part from each pile and constructed an entire watch. This is said to have amazed the European producers, because they were accustomed to making individual parts for each watch, so that the parts were not standard and hence not interchangeable. Our methods, of course, make it possible to produce an efficient timepiece for a dollar.

This principle was also important in the rapid mechanization of American agriculture. Farmers who were hundreds and thousands of miles away from the producers of their implements were not apt to buy tools and equipment which required sending back to the factory for repairs, or required the services of a high-wage engineer or mechanic to assemble or repair them. The implements were usually shipped broken down, and with a set of directions any average farmer could assemble the parts into a workable implement. In case of a breakdown, the farmer simply wrote to the factory for the particular part, which could be identified by its own letter or number, and the farmer could easily repair the tool himself.

It is a principle of production that large-scale production is not economically practicable unless a large body of standard products can be marketed. It does not pay to devise a machine which performs only one task on a complicated product unless that machine can be operated continuously in the performance of the same repetitive task. In order thus to employ machines a large market must exist; and it was the existence of the large and rapidly growing domestic market that made it profitable to devise and employ such machines.

It is obvious that the task of financing an enterprise of such size is usually greater than can be assumed by a single individual, so it became necessary for groups of individuals to act together to make such large-scale enterprise workable. To make this possible, certain developments had to take place in the economic and political spheres, and these developments emphasize the point made earlier, that other conditions must be favorable before technological progress



can take place. The political developments in this country were the establishment of general incorporation laws which permitted the easy and inexpensive chartering of new corporations and a laissez-faire policy of government which imposed few restrictions on business activity. In addition, manufacturing was deliberately encouraged by a tariff policy which kept out the competing products of other countries.

The developments in the economic sphere were the perfection of the corporate form of business organization which permitted the concentration of the savings of many individuals into one business unit and the introduction of new types of securities that appealed to various classes of investors. The further growth of American business and industry into the mammoth business units we know today was made possible by refinements and extensions of the corporate form into the trust, interlocking directorates, and the holding company. Thus it is seen that there is a mutual interaction between technology and other social developments, with technological changes being sometimes a cause and sometimes an effect of other social changes.

### SOCIAL EFFECTS OF TECHNOLOGY

**Invention and Production.** The direct purpose of technological inventions is generally to improve production. That such has been the result in the United States has amply been demonstrated by the tremendous increase in the production of all kinds of products. In the production of agricultural products truly remarkable progress has been made. As far back as 1860 the crude implements which had been devised for agriculture had marked a great improvement over former methods of production. "The saving effected by the use of these improved implements was estimated in the census of 1860 as equal to more than one-half the former cost of working. 'By the improved plow, labor equivalent to that of one horse in three is saved. By means of drills two bushels of seed will go as far as three bushels scattered broadcast, while the yield is increased six to eight bushels per acre; the plants come up in rows and may be tended by horse hoes. . . . The reaping machine is a saving of more than one-third the labor when it cuts and rakes. . . . The threshing machine is a saving of two-thirds on the old hand flail mode. . . . The saving in the labor of handling hay in the field and barn by

means of horse rakes and horse hayforks is equal to one-half.' The entire labor force of the United States in 1860 would probably have been insufficient to harvest in season the crops of that year by the methods of a generation previous."<sup>1</sup>

As remarkable as this improvement had been, it was dwarfed by the developments since 1860. There have been improvements in metals that resulted in stronger implements. More and more processes were added to the individual machine. Steam power and later gasoline engines were added as motive power to operate the machines. There were improvements in seeds, in fertilizers, and methods of cultivation. It was estimated in 1880 that over 10,000 patents had been granted in this country for implements and machines connected directly with the cultivation, harvesting, and handling of grain alone.<sup>2</sup> A man operating the latest combine and tractor in 1922 could cut, bind, thresh, and sack the wheat from forty acres, and he thus performed the work that not long before required the labor of about fifty men. Table IV below indicates statistically the great increase in cereal production.

TABLE IV<sup>3</sup>  
PRODUCTION OF CEREALS, 1860-1910  
(IN MILLIONS OF BUSHELS)

Year	<i>Maize (Corn)</i>	<i>Wheat</i>	<i>Oats</i>	<i>Barley</i>	<i>Rye</i>
1860 . . . . .	838 8	173 1	172 6	19.8	15.5
1870 . . . . .	760 9	287.1	282 1	29.7	16.6
1880 . . . . .	1754.6	459.4	407 8	43.7	19.8
1890 . . . . .	2122.3	468.3	809.2	78.3	23 6
1900 . . . . .	2666.3	658 5	943.3	119.6	25.5
1910 . . . . .	2552.1	683 3	1007.1	173.3	29 5

What was true for cereal production was also true for the production of other agricultural products. More remarkable progress was made in manufacturing industries generally, and significant improvements were made in mining and other extractive industries. Unbelievable gains were registered in the transportation industries, which even by 1860 had shown marked improvement over that of 1800. Table V below indicates the substantial improvement in labor productivity, which measures largely technological progress

<sup>1</sup> Bogart, *op. cit.*, pp. 304-305.

<sup>2</sup> *Ibid.*, pp. 497-498.

<sup>3</sup> *Ibid.*, p. 501.

between 1909 and 1939 in manufacturing, mining, and steam railroads.

TABLE V<sup>1</sup>

CHANGES IN PRODUCTIVITY IN MANUFACTURING, MINING, AND  
STEAM RAILROADS, 1909-1939  
INDEXES OF LABOR PRODUCTIVITY (AVERAGE 1923-1925 = 100.0)

<i>Output per Man-Hour</i>	1909	1919	1923	1929	1932	1939
Manufacturing . . . . .	62 3	71.9	94.1	124 1	129 6	164 2
Bituminous coal mining . . . . .	69 5	85.1	99.2	107.2	115.0	141 0
Anthracite mining . . . . .	84.8	100.0	103.5	99 8	119 0	178.6
Steam railroads . . . . .	75.4	85.4	96 4	113.9	111.9	149.3

It is important to note the substantial increase in labor productivity between 1932 and 1939. Herein lies in part the explanation of the failure of the economic system to absorb the millions of unemployed workers while substantial improvement in the production of goods and services was being achieved.

To show in detail for all industries and occupations what effect technology has had on production would require volumes. It is sufficient for our present purpose to know that great increases have been made in all fields of endeavor. The increases have permitted the absorption of millions of immigrants and have permitted the raising of the general standard of living to its highest level anywhere in the world. Technology has given us the greatest variety of products in the greatest quantity yet achieved, and if it is allowed to continue, will bring forth even greater varieties and quantities. In almost all of the material things in life, this country has by far much more than its proportionate share.

**Invention and Rural Life.** It is relatively easy to determine directly what the tangible results of technology have been. We have this information in volumes of statistics on production. There are other results of technology, however, that are no less important than the physical production, but which are more difficult to discern and analyze. Modern science and invention have not only revolutionized our methods of production, but have also helped cause a revolution in society as a whole. Rural life in all of its aspects has felt the effects of this change.

<sup>1</sup> Adapted from Table I, p. 4, "Wages, Hours, and Productivity of Industrial Labor, 1909 to 1939," reprint from the *Monthly Labor Review*, Bureau of Labor Statistics, U S Dept. of Labor, Sept., 1940.

Whereas in 1800 the great majority of the population lived on farms because it was needed there to produce food, today less than a quarter of the population is needed to feed the entire population. It seems safe to say that 10 per cent of our people, using the best land, the best implements, and the latest information of our agricultural colleges, could easily provide all the food and agricultural raw materials the whole nation requires. The most efficient use of agricultural machinery required large-sized farms, hence small farms were consolidated into the larger mechanized farms. The small farmers who sold or lost their farms in this process migrated to the cities, where economic opportunities appeared to be brighter.

The rural areas have also felt the effects of other technological advances besides those in agriculture. They have been affected by the railroad and automobile, the telephone and radio, the moving picture, and electricity and electrical appliances of every description. The farmers' schools have followed developments elsewhere, and practically all major innovations have affected to some degree the way of life in rural areas.

The net effect of the impact of this great variety of technological innovations upon rural life has been to break down barriers between rural and city life. The best elements of the culture are available to all groups in society because modern communication brings them to all parts of the country. The rural dwellers hear the same language, they see the same moving pictures, they hear the same music, they read the same newspapers, they are taught the same basic facts in their schools; in effect, they are subject to the same influences that play upon the city dwellers. All this does not imply that there are no differences between city and rural life; differences still exist, but they are less important today than they were in the past.

Technology has also played havoc with the economic condition of the rural areas. The general country store is faced with mail-order competition and the competition of the chain stores, whose products are made available to rural dwellers by means of good hard roads and the automobile. Cheap and efficient transport has also brought world competition to the farmer's door. As a result he is closely affected by conditions all over the world. In recent years the American farmer has found that these world conditions have worked largely to his detriment. The attempts of the government

to alleviate farm suffering may thus be shown to stem, in part at least, from the dislocations caused by technological change.

**Invention and Urban Life.** The modern city is in large measure the product of technology. Technology made it possible for a smaller proportion of the population on the farms to feed the total population, thereby releasing the surplus to the cities. Technology made possible the development of factories and industries which provided a means of livelihood to the city dwellers. Transportation and communication inventions made possible the interchange of products between the city and the farm, and among all sections of the country, thereby permitting a higher degree of specialization and division of labor, with resultant increases in production. Technology made possible the great concentration of people in small areas by providing easy movement between home and work; it provided a healthful and plentiful supply of water; it provided electricity and gas for lighting, heating, and cooking; it provided sanitation. In fact, it provided all of the physical necessities of city life.

Before the advent of steam and electric power, industries, and with them the towns, grew up and developed along the "fall line" where there was a sharp drop in the level of the water in rivers or streams which permitted the harnessing of water power. The early industrial towns of England were located along streams and rivers where the water power was available. The same was true of the towns in New England where manufacturing first developed in this country. A glance at a map of the South Atlantic states shows clearly a large number of towns and cities at the fall line, where the rivers originating in the Allegheny Mountains fall fast enough to generate water power.

When steam and electrical power were introduced, they freed industry from the river locations, and industry was able to move to more favorable economic locations, either closer to the source of raw materials or closer to the consuming market. If modern technology were to devise a means of transporting electrical energy over long distances without serious loss of energy, there may occur a new relocation of industry, away from the source of power and into the rural and village areas, where an abundant supply of cheap labor is available. This might cause a movement of population away from the cities and might relieve the congestion and might solve some of the problems of city life.

Other factors, of course, have also been important in the development of cities, but the importance of technology cannot be overestimated. It follows, then, that since technology has aided in making city life possible, it should share the responsibility for the evils and problems that have arisen in our cities. It may be blamed in part for our slums, filth, crime, disease, insanity, unemployment, starvation, and so on. All of these seem to be widespread in our large cities; and the economic problems which face us are largely found in capitalistic industrial societies, which have been made possible by technology.

Technology by itself is a neutral factor, however. It cannot be blamed for the problems and evils mentioned above. The blame for these evils rests rather in man's inability or lack of desire to use technology and its benevolent effects in such ways as to bring out its maximum benefits and hold to a minimum its undesirable consequences. The machine is subject to man's guidance and direction, and if hardship and privation result from the use of machines, it is because of man's failings, and not the machines'. Those who feel the effects of machinery and technology are apt to blame them for their difficulties, because they see them taking their place in the factory. This explains the wrecking of machinery and the demand that a moratorium be placed on invention. It seems reasonable, however, to continue to use technology wherever it can benefit mankind by easing its physical burdens; it should be up to society to see to it that the individuals in it will share equitably in the benefits to be derived from such continued use.

**Invention and the Family.** The character of the family has changed greatly as a result of the impact of technological change. We no longer see the father as the absolute head of a large family of ten or twelve. The average family of today has less than four people. The factors responsible for this are contraceptives, which permit the control of the size of the family, economic pressure, and the desire on the part of the married couple to have a small family. The cumulative effect of these factors has been a marked decline in the rate of growth of our population, with serious implications for the future of the economic system.

Instead of marrying at the age of sixteen to eighteen, as was customary in early America, the average couple waits until the middle twenties for marriage, because the complexity of modern

science and industry requires a long training period before the individual is able to assume the economic burdens of marriage.

The burden of housework has been greatly reduced by modern science and technology. The modern kitchen is a marvel to behold. With smaller families to rear, with smaller homes and apartments to keep in order, and with less exhausting work required because of her mechanical aids, the modern housewife finds time to join clubs and play bridge, oftentimes to the detriment of family stability. She finds time to engage in political activities, with consequent effects on the national political scene. She finds time to read and to listen to radio education and entertainment, thereby deriving advantages denied her mother and grandmother.

In former decades the family was the center of education and recreation, but it is losing its hold. Modern city life and technology provide large public schools for education. Technology has also provided recreation outside the home. Every ten days the entire population (in number) goes to see a movie. The automobile takes the youngsters away from home for other types of recreation, and for courting purposes, thereby displacing the little-used parlor of a generation ago. However, while technology has weakened the position of the home as a recreational center, it has also increased its strength in this connection in recent years. The radio keeps the family at home more and more, and if domestic television becomes economically available, the home is likely to improve further as the center of family recreation.

Of outstanding importance on family life has been the economic liberation of women, made possible by technology and by appropriate changes in attitudes, customs, and mores. Technology has made it possible to produce the needed goods of society with fewer and fewer workers, but the size of modern industry and the complexity of modern business and commerce require a large number of people in clerical and office occupations. These positions, plus mechanical inventions, such as the typewriter and the adding machine, which seem to fit women better than men, have provided an opportunity for women to enter business and to earn their own livelihood. As prejudice disappears, women enter more and more jobs, until today they are to be found in almost every type of vocation except those which are extremely dangerous or which require physical stamina.

The implications of these changes on the family are numerous and important. Marriage is easier to terminate if the wife has a profession to which she can turn for self-support if the marriage does not work out well. On the other hand, young people are able to marry sooner if both husband and wife are working, and many marriages have been started on this basis. The weakness of this arrangement, insofar as the family is concerned, is that once the family adjusts itself to a scale of living made possible by two incomes, it may not be willing to sacrifice one of the incomes, and take on the added economic burden of rearing children. This situation undoubtedly explains why so many marriages today are childless. Some people are prone to blame technology for this situation, but again the ultimate decision as to what will be done lies with the individual.

Taking a general view of the family, we find that it has gradually lost more and more of its earlier functions. Its original dominance as the economic producing unit has been almost completely lost to the production that now takes place in the factory. If the trend continues in the future, the family may become primarily the unit for procreation and personality development of the children; but these happen to be important family functions, so that despite the inroads made by technological advances, the family is likely to remain as a basic unit of the social order.

**Invention and Government.** The National Resources Committee in its report on *Technological Trends and National Policy* points out that inventions have impinged upon government in a variety of ways. In some industries the nature of invention was to encourage monopolistic corporations dealing in services which catered to large numbers of consumers. Hence governments took on regulatory functions as in the case of public utilities. Taxation measures shifted from general property and excises on consumption goods to taxes on personal and corporate incomes and on inheritances. In many other ways government was forced to extend its functions, as in the case of interstate commerce, under which the Federal government now exercises extensive powers over trade.<sup>1</sup> As technology expanded the area of profitable trade, local and state agencies were unable to keep up in their regulatory activities, so

<sup>1</sup> National Resources Committee, *Technological Trends and National Policy*, Government Printing Office, Washington, 1937, pp. 9-10.



that the inevitable trend has been toward the concentration of regulatory functions in the Federal government.

The current emergency which faces the nation emphasizes strongly the importance of technology to national existence. All energies seem to be directed to making our machine economy increase greatly the production of war materials. "Modern warfare with its demands upon both the armies at the front and the population at home, with the necessary organization by the state of all industrial and agricultural production and the rationing of every necessity of life, brought about such a comprehensive organization and such an enormous concentration of power in the state that the way was thus prepared for the dictatorship of the totalitarian state. The totalitarian state too has grown up on the foundations of modern technology, which created the means for mass propaganda of all sorts."<sup>1</sup>

Radio has had an important influence on government, and if television is perfected, the combination is certain to have much greater influence. The conduct of political campaigns, the kinds of campaign speeches, and the type of candidate have been altered as a result of the radio. A good radio voice seems to be a necessity for success in politics today. Radio and other means of communication have led to serious problems which may eventually lead to radical changes in our government. In most other countries the means of mass communication are run by the government, which controls strictly the information made available to the public.

In this country these agencies are not subject to government censorship, but it is not unlikely that they may be in the near future. This raises fundamental questions of national policy. What ideas, whose ideas, shall be mass communicated? Who shall ultimately control radio, television, and other agencies? "To control the doors to people's minds, even of the child in the home, is to have considerable power to control their minds. Whatever body wields such power might conceivably be able in time to undermine all opposition to its power. The question is evidently raised whether the control should be in the hands of private capital, presumably under government supervision, or under direct government management and control."<sup>2</sup>

<sup>1</sup> Emil Lederer, "Technology," *Encyclopaedia of the Social Sciences*, p. 559.

<sup>2</sup> National Resources Committee, *Technological Trends and National Policy*, p. 33.

**Invention and the Economic System.** Ware and Means point out<sup>1</sup> that technology has been a driving force determining the shape of modern industry. The development of technology has required large industrial units and business organizations, for the small shop of the old economy obviously could not use the modern techniques for making steel or automobiles, or for providing telephone or railroad service. These new techniques call for many people working together, each doing only a small part of the whole process. This development has brought economic relationships out of the realm of automatic, impersonal adjustments and into the realm of personal, administrative decisions. "Here lies the central contrast between the old economy and the new. Here lies the crux of the problem of how to make a modern economy work."<sup>2</sup>

This loss of personal contact between the employer and the employee and the concentration of economic power in the hands of management has led to many of our major economic problems, which has given rise to many social inventions designed to offset the uneven economic powers and to correct the problems. Labor unions, the strike, the boycott, workmen's compensation, unemployment insurance, and other similar developments have come into being as a result of the effects of technological change.

The general problem of social security which has become so important in recent years can be related to a number of inventions. The insecurity of so many of our aged can be traced to inventions which made possible a smaller proportion of children in the total population, to urban factories and farm machinery which increased the population of cities, to transportation inventions which make it easier for young sons and daughters to leave their parents, and to machines for the tending of which employers prefer young people to old ones.

The problem of technological unemployment, which will be discussed in more detail in the chapters dealing with labor problems, has been especially serious in recent years, and workers tend to oppose the introduction of new machines which will tend to cause further displacement of workers. Technological unemployment plus the unemployment which is so widespread during depressions,

<sup>1</sup> Caroline F. Ware and Gardiner C. Means, *The Modern Economy in Action*, Harcourt Brace and Company, Inc., New York, 1936, p. 11.

<sup>2</sup> *Ibid.*, p. 14.

which seem to last longer and occur more frequently in technologically advanced economies, constitute the most serious challenge to the economic system in which private capital predominates.

The insecurity of the sick results in part from the high cost of medical service, traceable to the development of science in medicine which gives rise to expensive specialists and to the costly medical equipment which the modern doctor must have to make use of the latest developments in his field. The high cost of such equipment requires that doctors charge high prices to pay interest on their investments. The modern problem of workmen's compensation can be traced directly to "whirling steel" which greatly multiplied occupational hazards.<sup>1</sup>

Modern technology and chemistry constitute a threat to the economic well-being of entire nations, especially those which depend for their livelihood on the export of basic raw materials. The development of the nylon thread by Du Pont offers a serious threat to the silk industry of Japan, silk being one of her most important export products. Rayon constitutes a threat to the cotton industry, the industry in which the Industrial Revolution had its start. The perfection of artificial rubber offers a threat to the countries producing natural rubber. Many other synthetic products, the discovery of which is materially aided in time of war, may at any moment destroy the economic security of large producing areas somewhere in the world.

Enough has been said to show that the effects of technological change may be felt in every sphere of human activity. Sometimes the effects are immediate and direct; sometimes they are remote and indirect. A single important invention, such as the radio, may directly influence many social institutions and may give rise to other social and mechanical inventions. More frequently, we find a series of inventions impinging upon a social situation, and the influence of the group of inventions is enough to cause great social change. It may be well to repeat again, however, that in the main the consequences of these changes might be subject to human control if enough were known about them. The solution seems to be not in destroying invention but in making it more amenable to human control.

<sup>1</sup> National Resources Committee, *Technological Trends and National Policy*, p. 8.

## SOME PROBLEMS OF TECHNOLOGY

### **Lags and Maladjustments in the Exploitation of Invention.**

In view of the widespread effects of technological innovations it is natural to expect opposition to their introduction, especially from those who will be adversely affected. The natural conservatism of organized groups has been an important factor in delaying the introduction of invention. Moreover, there are certain aspects of the process of invention which lead to delay.

The most important cultural factors that resist technological change are economic. Those who occupy favorable trading positions naturally strenuously oppose the introduction of inventions that might threaten their position. This seems to account for much of the purchase and suppression of inventions by large industries. The sheer cost of introducing some of the innovations is prohibitive; while the loss incurred by the scrapping of machinery that is not physically worn out is more than most industries can afford. The cost of converting the Ford plant from the production of the Model T to the Model A is said to have been around 100 million dollars.

Laboring groups, which are the first to feel the direct impact of technological change in the form of the destruction of their skills and the loss of their jobs, have always resisted innovation. In earlier days they destroyed the machinery; today they demand that the changes be introduced gradually, with a minimum of dislocations, and that they share in the benefits to be derived in the form of higher wages and fewer hours of work.

Certain political factors also cause delay. The slowness of the patenting process, in which care must be taken to see that duplicate patents are not issued, is well known. Judicial decisions have tended in some cases to suppress inventions or to postpone for a long time their introduction. The system of issuing "perpetual" franchises to public utility industries leads to the establishment of monopolies, so that it is sometimes virtually impossible to force modernization. Recent studies of electric utilities and railroad corporations have disclosed the current use of equipment that has been technologically obsolete for years. The general public suffers from this in poor service and high prices. Higher prices might have to be paid, for a time at least, if the public were to pay the high cost of obsolescence. This is illustrated by the building in

1894 of a 10,000 horsepower steam engine to run the New York subways. Physically, the engine could have lasted 100 years, but within three years after its completion it was reduced to the value of scrap iron by the perfection of the turbine. The same work could be done with an engine one-tenth the size of the original, and using far less coal.<sup>1</sup>

There are many delays between the securing of a patent and the perfection of the machine to a point where its use will be so widespread as to be of consequence. There are many technical problems of production which require years of work before large-scale production is possible. It may be impossible to find a backer to finance the exploitation of the product. A competing product may get to the market earlier, or it may take a long educational process before the public can be sold on the new product. These and other causes of delay in the exploitation of inventions account for the fact that on the average it takes about thirty-three years for an invention to go from the patent stage to a point where it will exert an important influence on social life.

**The Stimulation of Invention.** Despite the current demand by some that invention be discouraged or completely halted, invention has been stimulated in the past and is being stimulated today. One of the finest encouragements is the granting of protection to the inventor by patent or other exclusive privilege so that he may exploit his invention and make some money out of it. Before the days of patent laws, it was agreed by rulers that inventors should be rewarded by some gift from the state or from some organization set up to encourage invention. Kings and parliaments protected inventors by the granting of monopoly rights, or gave rewards of cash, and such bodies as the Society for the Encouragement of Arts, Manufactures, and Commerce, established in London in 1756, offered premiums, medals, and prizes.<sup>2</sup>

Even in early America, despite the dislike of monopoly privilege against which the colonists had rebelled, it was recognized that invention must be encouraged and promoted. As a result, one of the provisions of the Constitution established the patent system "To promote the progress of science and useful arts by securing for

<sup>1</sup> Stuart Chase, *op. cit.*, p. 80.

<sup>2</sup> Herbert Heaton, "Industrial Revolution," *Encyclopaedia of the Social Sciences*, VIII, p. 6

limited times to authors and inventors the exclusive right to their respective writings and discoveries." Under this patent system American ingenuity has resulted in a multitude of inventions, and today the Patent Office grants about 50,000 patents every year.

Colleges and universities and research foundations provide the facilities and the money for research activities which result in many discoveries yearly. Our most important research appears to take place in our large industrial concerns which spend millions annually to sustain their research laboratories. Between 1927 and 1938 the number of organizations reporting research laboratories had grown from about 900 to more than 1700, providing employment for about 50,000 workers.<sup>1</sup> With tremendous sums of money invested in their plants it is almost a necessity for these organizations to conduct research which will enable them to retain their positions of dominance in their respective fields.

There are of course many individuals who would conduct research without the prospect of monetary reward. Since research costs money, it might be advisable to subsidize those who are unable to support themselves in their research activities. There is another reason why the subsidization of research can be justified. There may be many individuals working independently on the same general invention, but the one who finds the solution first or gets to the patent office fastest is the one who gets all the credit and financial rewards, while the others, whose activities may have aided the successful inventor, have no claim to the rewards.

**Predicting New Inventions.** In view of the widespread changes and dislocations brought about by technological change, it would seem that the necessary adjustments to these changes could be made with less serious repercussions than at present if there were some means of predicting these inventions and analyzing their probable influence on various segments of the social system. It was with this general purpose in mind that the National Resources Committee selected the Subcommittee on Technology. The report of this committee is the volume entitled *Technological Trends and National Policy*.

Despite the knowledge that inventions have causes, there is as yet no scientific method of predicting inventions; nevertheless,

<sup>1</sup> Work Projects Administration, National Research Project, *Industrial Research and Changing Technology*, Philadelphia, Jan., 1940, p. 40.

much can be done in this connection once the trend of invention is ascertained. Even after an important invention has been perfected there is usually sufficient time to analyze its probable effects on society (which is the chief purpose in predicting inventions) because it takes many years for such an invention to become commercially successful.<sup>1</sup>

"The second basic reason why inventions can be predicted is that they have causes. They are not just accidents, nor the inscrutable products of sporadic genius, but have abundant and clear causes in prior scientific and technological development, and they have social causes and retarding factors, both new and constant, of changed needs and opportunities, growth of technical education, of buying power, of capital, patent and commercial systems, corporation laboratories, and what not."<sup>2</sup>

Although need by itself will not result in invention, it often happens that the need of a solution to a particular problem results in the concentration of research activity on that problem, and such concentration certainly raises the chances of the needed discovery's taking place. Hence, by learning on what problems research activity is being concentrated one may be able to make an intelligent guess as to the probable inventions of the future.

Because of the rapidity of change in society it is not wise to try to predict too far into the future. It is impossible at any time to anticipate the direction of technological advances thirty or forty years hence; nor is our chief concern with the problems of that future date. Our chief concern is with the developments five to twenty years from now. In view of the time element involved in making an invention a commercial success, the problem of predicting social change for the immediate future (five to twenty years) resolves itself into trying to discover which of the now known inventions will exert the greatest social influence at the future date. Of the inventions that are now in the early stages of commercialization, which will be the most significant, and how will they be likely to affect society? That is our problem, and the concluding section of this chapter will indicate what the experts in this field have pre-

<sup>1</sup> National Resources Committee, *Technological Trends and National Policy*, p. 18. This section is taken largely from Sec II of this volume. The author of Sec. II is S. C. Gilfillan, who has done much work in this field.

dicted. In the meantime, some consideration will be given to the problem of controlling inventions in the best interests of society.

**The Control of Inventions.** It is being recognized more and more that some control must be exerted over invention if the best interests of society are to be served. It goes almost without saying that society should derive all possible benefits from its technological discoveries, but when the exploitation of these is left in private hands, and no restrictions are imposed, many serious dislocations occur which, by proper control, might either be avoided entirely or greatly diminished in intensity. The owner of a patent wants to cash in on it while he can, and he is not much concerned with the effect of his activities on the lives and welfare of others.

Many groups and organizations have worked on a cooperative basis for the maximum exploitation of related inventions so that they might benefit and so that society generally might be benefited. The recent hearings before the Temporary National Economic Committee, which is investigating the concentration of economic power, disclosed the existence of widespread pooling agreements among automobile manufacturers and among rival producers in other industries, but the purpose of these pools was not to suppress invention or stifle competition but to make the results of research available to the trade generally.

The apparent perfection of the cotton-picking machine by the Rust brothers carries with it serious implications for the cotton industry as a whole and for southern culture generally. The inventors appreciate these implications. Their machine, which can pick in seven and a half hours as much cotton as a good hand picker can pick in five weeks, will displace over 75 per cent of the labor population in the southern cotton country if the invention is thrown upon the market in the regular manner. "The inventors, cognizant of the revolutionary consequences attending their invention, are themselves withholding its application, except for its trial use on a cooperative farm in Mississippi and in the Soviet Union, where the problem of unemployment does not exist and the introduction of the machine can be regulated."<sup>1</sup>

In laying down a general policy for the control of inventions, no restrictions should be placed on the development of invention, but some control might well be exercised in determining the manner

<sup>1</sup> *Ibid*, p. 58.



in which these inventions should be exploited. By a gradual introduction of these innovations, the labor supply can be adjusted with a minimum of hardship and existing capital investments might be liquidated over a period of time without too great loss. It is not the fact of change that is disturbing; it is the abruptness of the change that causes the difficulty.

By accurate prediction and sensible control, government may be better able to exercise supervision over the growth of the new industries in such a way as to prevent abuses from becoming widespread. In the past we have waited until the industries have matured and the abuses have become intolerable before government has stepped in to regulate. Such regulation often proves to be very difficult, and in the meantime society has had to endure the abuses. By stepping into the fields of radio and television before they have grown into giants, the government has assured a more or less orderly development which will for the most part be in the best interests of society.

**Inventions of Probable Future Importance.** The committee which studied technological trends came to the conclusion that the following inventions were likely to be of most social significance in the future: the mechanical cotton picker, air-conditioning equipment, plastics, the photoelectric cell, artificial cotton and woolen-like fibers made from cellulose, synthetic rubber, prefabricated houses, television, facsimile transmission, the automobile trailer, gasoline produced from coal, steep-flight aircraft planes, and tray agriculture.<sup>1</sup>

The mechanical cotton picker, described in an earlier section, promises to release thousands of farm workers. What will become of them is a problem that is troubling the South. There may be a mass migration of workers from the South or new industries may develop to absorb the labor. The reduction in the cost of cotton may stimulate cotton production and may make cotton goods available to more people in the lower economic groups. Likewise, we may be able to regain our lost foreign markets in cotton.

Air-conditioning equipment will free man to a large extent from the controlling influence of climate. Vacation resorts will likely be adversely affected. Production may be possible in any part of the

<sup>1</sup> National Resources Committee, *Technological Trends and National Policy*, p. x.

globe and the efficiency of workers should be increased because of the controlled atmosphere.

The developments in the field of plastics are relatively new but they promise to provide stiff competition to metals and other materials used in production. Airplane bodies and automobile bodies may eventually be made of plastics which can be molded into desired shapes much more easily than steel, and at lower cost. Plastics began their career as competitors of hard rubber, shellac, and various gums. They now compete with light metals and wood for standard purposes; they compete with adhesives for the manufacture of veneers and laminated wood; they are found as binders in abrasive wheels; they afford waterproofing qualities for surgeons' plaster and raincoats.

The photoelectric cell, better known as the "electric eye," promises to relieve the strain in those occupations which require careful examination of materials to detect flaws and defects. It has been used in can factories to eject from the assembly line any can that deviates from the standard specifications. It has been used to open and close doors and for other purposes, doing automatically a task which otherwise requires the pressing of a button or the pulling of a switch. The prospects for this invention are vast, but at present we are not in a position to predict all the uses to which it will be put.

The artificial cotton and woolenlike fibers which modern chemistry is producing from cellulose and numerous industrial waste products present a threat to the industries producing the raw natural products. There is also competition between wood and cotton to supply the basic material from which the cellulose is derived.

The production of synthetic rubber, which can be produced by several methods, is being greatly stimulated by the current defense emergency. In order to keep up the supply of rubber in the event that the present sources of natural rubber are closed to us, the government is spending millions of dollars to erect plants for the production of the artificial product, which is known by such trade names as Neoprene and Thiokol. Although higher priced at present than the natural rubber, it is superior in many respects to the latter. It is not soluble in petroleum and its products, is not so readily oxidized by ozone as is crude rubber, and has a smaller

particle size which makes it preferable for some work of impregnation. The probable effects of these developments on rubber plantations may be gleaned from the fact that an acre of plant for Thiokol manufacture will produce in two hours 200 tons of a synthetic rubber plastic, as compared to the 500 pounds of rubber which an acre of rubber trees will produce in five years.<sup>1</sup>

Prefabricated houses are already on the market and are likely to increase considerably in number when large-scale production is introduced on a wider scale. As many as 1300 family units made from prefabricated steel are being erected for the Navy at Quantico and Newport News, Virginia. A ten-man crew can put up a two-family steel dwelling from floor to roof in an eight-hour day. When the defense emergency passes, these steel houses can be unbolted, knocked down, and stored in warehouses for use in the next housing emergency.<sup>2</sup>

The automobile trailer may not only affect the present housing situation and the development of prefabricated houses, but it may also change radically the mode of life of millions of Americans. Some writers predict that within thirty years half of the homes of the country will be mobile. The trailer will likely be used more by migratory workers and during vacation periods by many families, but because of its limitations, at least as now constructed, conservative writers do not believe that it will become the permanent, normal mode of living for the typical American family. "Furthermore, any considerable increase of this character would most likely result in the levying of taxes upon trailers adequate to provide for streets, roads, schools, parking spaces, fire, sanitary, police, and other municipal services from which taxes this mode of living is now in major part exempt."<sup>3</sup>

Television will likely open up new avenues of development in education, entertainment and the communication of information, but it is not expected to cause any important new social change. It will likely supplement the changes created by existing means of communication, especially the radio.

Facsimile transmission is another development in communication which may alter considerably present methods of disseminating

<sup>1</sup> National Resources Committee, *Technological Trends and National Policy*, p. 306.

<sup>2</sup> Chicago Sunday Tribune, Dec. 29, 1940, Financial Section, p. 1

<sup>3</sup> National Resources Committee, *Technological Trends and National Policy*, p. 373

news. The transmission and reception of facsimile may be adapted to present-day radio sets, and there are already available facsimile recorders which, when connected to the ordinary broadcast receiver and actuated by proper signals, will print a newspaper complete with pictures, right in the home, though probably on a limited scale.<sup>1</sup>

Our industrial economy would be impossible without oil for lubrication. Wars are being won in part on the basis of which side has the largest reserves of oil. Oil and gasoline, which are the life-blood of our mechanical age, are used in such tremendous quantities that there may come the day when the supply of crude oil will be exhausted. The conversion of coal into gasoline therefore offers a method of conserving our oil supplies and may ensure the continued existence of a mechanized society.

Steep-flight aircraft planes will solve many of the present aviation problems, chiefly in connection with the reduction in the area of land needed for aviation and in making the airplane more flexible. Such craft may serve as taxis to carry people from crowded city areas to outlying areas where the speedy, long-distance airplanes will be located. The new Philadelphia post office has a roof on which steep-flight aircraft are able to land with a load of air mail.

The implications of tray agriculture for the future of general agriculture are tremendous. Tray agriculture consists of suspending the roots of food plants in water and putting the needed chemicals and plant nutrients into the water. The plants absorb this nutrition just as they absorb it from the soil in which they are usually planted. The production of food by means of tray agriculture is hundreds of times greater per acre than regular agriculture. By carrying on the production indoors, it is possible to control all aspects of the plant growth. More uniform products, much quicker maturity or ripening, more uniform ripening, and all-year production are the outstanding advantages of this type of cultivation, aside from the tremendous increase in output per acre.

Whether or not the inventions described above will actually turn out to be the most important, in terms of their influence on society, of all recent inventions remains to be seen. Some of the impediments to the exploitation of invention may successfully block the adoption of any or all of these. Substitute inventions may be introduced which will take over the field. Financial difficulties may

<sup>1</sup> *Ibid*, p. 229.

beset some; laws or court decisions may hinder others; consumers may refuse to accept the new products; or any number of other factors or agencies may interrupt the development of these inventions. Nevertheless, after taking all these possibilities into consideration, it seems safe to predict that these inventions, along with some others, will exert a great influence on the future development of society, and it would be well to study their implications more carefully and to anticipate their effects by appropriate planning, perhaps under governmental supervision.

### TERMS TO BE UNDERSTOOD

diffusion	resistance to social change
institutional lag	social invention
Industrial Revolution	technological invention
patent	technological unemployment

### QUESTIONS FOR DISCUSSION

- 1 Show how technological inventions may be a cause of social invention; a result of social invention.
- 2 Discuss the validity of the sayings (a) "necessity is the mother of invention," (b) "invention is the mother of necessity."
- 3 How would you explain the slow progress of technological invention during the Middle Ages?
- 4 Show how technology has made your present family life different from that experienced by your parents.
- 5 What changes in rural life may be traced to the impact of technological inventions?
- 6 How is it possible to determine which inventions are likely to be of most significance in the future?
- 7 Assume that within the next fifty years many Americans will be living in trailers. What effect might this have on education, politics, taxation, industry?
- 8 Assume that you are the Secretary of Agriculture and it is your task to promote orderly agricultural progress. How would you introduce (a) tray agriculture; (b) the mechanical cotton picker?
- 9 What effect might recent inventions in the field of communications have on our form of government?
- 10 Discuss "The Americans are a nation of inventors." Is it true? If so, how do you explain it?
- 11 What are some of the most important prehistoric inventions upon which civilization is based?

12. List the number of separate inventions that had to be perfected before we could get the automobile.
13. Show what inventions have had an effect upon the emancipation of women (such as the tin can and the typewriter).

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## PART II

### SOCIAL RELATIONS AND SOCIAL PROBLEMS

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## CHAPTER IV

### THE URBAN AND THE RURAL COMMUNITY

The past 150 years have seen the movement from a predominantly rural to a decidedly urban mode of life. Most of the major influences affecting the lives of the American people have emanated from city centers, whose rapid growth has been a phenomenon of modern times.<sup>1</sup> In 1790 the United States was primarily a rural frontier settlement. There was not a single city with more than 100,000 population. In 1930 there were 93 such cities! But the 1940 census gives evidence of something new in the way of city growth. In 1940 there were 92 cities which had a population of 100,000 or more. Between 1930 and 1940 the population in these 92 cities increased 5 per cent as compared with an increase of 23.7 per cent for the same cities between 1920 and 1930. America's big cities have almost stopped growing: the movement from the farm to the large city is slowing down. In connection with the figures shown in the 1940 census Professor W. F. Ogburn queries:

Does this fact mean that the big cities are too big? Many sociologists have thought so for some time. There is not much play space in the cities for children and the birth rate is too low to maintain the population. The death rate is larger than in the country. Rent is high, the streets are crowded, and speeding automobiles are a menace. Even from an economic point of view the costs of production for industry are lower in the small towns.<sup>2</sup>

Yet the city holds many promising features of American life as well as many of its worst hazards. As a vital factor in the nation's economy, the problems of the city concern the nation as a whole. Their solution would benefit the country just as the solution of farm problems is necessary if the resources of the nation are to be best developed. The problems of rural and urban communities

<sup>1</sup> According to the U. S. Census Bureau, the city is an incorporated community having 2,500 or more inhabitants. The remaining population is classed as rural. Limitations of this definition as a criterion of cities will be discussed later.

<sup>2</sup> "The Changing Pattern of America," *The New York Times Magazine*, Oct. 13, 1940, p. 3

are closely related. Though the immediate interests of the urban and rural populations may cause competition or differences, yet in the long run both interests are reciprocal and interdependent. Though two-thirds of the present-day population are urban, it is only recently that serious attention has been focused on their policies and problems. What are some of these problems and how did they originate? This chapter will trace the growth and development of the city into its present forms and will attempt to show how many of its problems have arisen in the course of this growth. The rural community, its outstanding characteristics and problems, will likewise be discussed.

**The Growth of Cities.** Though the rapidity of urban growth is a distinctly modern phenomenon, there were large cities in both ancient and medieval times. The ancient Orient had many important commercial cities, though the bulk of its population was rural and engaged in agricultural and pastoral pursuits. Both Greece and Rome had important urban centers. But such of the ancient cities as existed, Alexandria, Babylon, Constantinople, Nineveh, Rome, to name some of the best known, were relatively few. Compared with cities of our modern industrialized world, ancient cities could not have been very large though it is estimated that some of them may have reached the million mark. Transportation, agriculture, and industry in the pre-steam age were not developed to the point where great masses of people could be sustained in a compact area.<sup>1</sup>

Ancient cities, as well as modern, grew largely as a result of rural migration or foreign immigration. Whereas migration to the ancient city was partly involuntary, since slaves were brought to the city by their masters or by slave traders, those who migrate to the modern city are mainly craftsmen and unskilled workmen voluntarily trying to improve their economic status.<sup>2</sup> Another important distinction is that ancient cities were not productive in themselves but were primarily parasitic, relying upon the surrounding countryside for their existence.

The rapidity and recency of urban growth are strikingly illustrated by the comparatively small size of important European cities of a

<sup>1</sup>H. E. Barnes, *Society in Transition*, Prentice-Hall, Inc., New York, 1940, p. 486.

<sup>2</sup>Noel P. Gast and L. A. Halbert, *Urban Society*, The Thomas Y. Crowell Company, New York, 1933, p. 29 (from Karl Bucher, *Industrial Evolution*, p. 370)

few hundred years ago. Paris, the largest of the western European cities in the fifteenth century, had a population of about 300,000; London had only 40,000; all other English cities were under 15,000. The famous German cities, such as Nuremberg, Cologne, and Frankfurt, contained between 10,000 and 20,000 population. Flanders, the most highly urbanized area of Europe at that time, had only between 50,000 and 75,000 in its main cities.<sup>1</sup> In 1600 there were only eight cities in the world whose population exceeded 150,000.

The greatest stimulus to urbanization came with the agricultural and industrial revolutions toward the end of the eighteenth century, both of which originated in England. A growing urban population was a basic factor in the creation of new farming methods which changed self-sufficient village farms into food supplying "factories" that could turn out enough food to support large nonagricultural groups in urban areas. The Industrial Revolution, embracing as it did the harnessing of steam power, necessitated a concentration of workers. The invention of numerous machines revolutionizing manufacturing and industry, and the invention of new means of communication and transportation brought with it immense cities with huge populations clustered around factories and industrial plants. The population of England began a steady movement from rural areas to the industrial centers. In 1774 Manchester had about 40,000 people; by 1831, it had grown to about 271,000. Population in agricultural areas reached a standstill or actually decreased. This rapid shift of a large population from the country to the city was the first instance of its kind in history. The rate of increase in population, moreover, more than doubled, shifting from an estimated increase of about 6 per cent every decade before the Industrial Revolution to an increase of 21 per cent during the decade 1801-1811.<sup>2</sup>

Rapid urban expansion spread from England to other European countries somewhat later, beginning first with France, then Germany, Austria, and others, coming lastly to the United States, which was predominantly rural for some time after the turn of the twentieth century. Table VI shows the rapid growth of urbanization of the Western world since the Industrial Revolution.

<sup>1</sup> Barnes, *op. cit.*, p 486

<sup>2</sup> J. S. Schapiro, *Modern and Contemporary European History*, Houghton Mifflin Company, Boston, 1940, pp. 20-34.

TABLE VI<sup>1</sup>

PERCENTAGE OF THE POPULATION URBAN\* IN VARIOUS COUNTRIES

<i>Year</i>	<i>United States</i>	<i>England and Wales</i>	<i>France</i>	<i>Germany</i>	<i>Sweden</i>
1940**	56.5	...	...	....	..
1930†	56.2	79.5	49.1	67.1‡	32.5
1920	51.4	79.3	46.3	64.4§	29.5
1910	45.8	78.1	44.2	60.0	24.8
1900	40.0	77.0	40.9	54.3	21.5
1890	35.4	72.0	37.4	47.0	18.8
1880	29.5	67.9	34.8	41.4	15.1
1870	..	61.8	31.1	36.1	13.0
1860	..	54.6	28.9	.	11.3
1850	..	50.2	25.5	..	10.1

\* Population living in places of more than 2000 except for the United States, where data are for places of more than 2500

\*\* Sixteenth Census of the United States 1940. Preliminary Release Bureau of Census, Washington, D. C.

† 1930 or latest available.

‡ For 1933.

§ For 1925.

The growth of cities during the period characterized by the use of steam in transportation and industry is somewhat indicated in Table VII.

This growth of cities and urbanization of the world constitute one of the most impressive phenomena of modern times. In those countries which distinguish between urban and rural areas, it is estimated that 69.2 per cent of the total population is urban. Though most of the European countries developed into their modern forms of living through gradual stages, the United States has taken little more than a century to shift from a rural to a predominantly urban society. Today the greater part of the population lives in cities, which have rapidly changed from the stage where they included little more than 5 per cent of the nation's total population to where they contained 56.2 per cent in 1930. Table VIII shows the rapidity of urban growth in the United States from 1890 to 1930.

<sup>1</sup> Warren S. Thompson, *Population Problems*, McGraw-Hill Book Company, Inc. New York, 1935, p. 302.

<sup>2</sup> S. V. Pearson, *The Growth and Distribution of Population*, Wiley and Sons, New York, 1935, p. 211.

TABLE VII<sup>1</sup>  
POPULATION OF THE WORLD'S LARGEST CITIES, 1800 TO 1940

City	1940*	1930**	1900	1850	1800
New York . . . . .	7,454,995	6,930,446	3,437,202	696,115	79,216
London . . . . .		4,396,821	4,536,267	2,363,341	959,310
Berlin . . . . .		4,227,000	2,712,190	429,217	172,846
Chicago . . . . .	3,396,808	3,376,438	1,698,575	29,963	
Shanghai . . . . .		3,000,000	457,000		
Paris . . . . .		2,891,000	2,660,559	1,053,262	547,756
Moscow . . . . .		2,781,000	1,174,673	332,878	188,654
Osaka . . . . .		2,453,000	996,000		
Leningrad . . . . .		2,228,000	1,439,613	487,300	220,200
Buenos Aires . . . . .		2,100,000	821,293		
Tokyo . . . . .		2,070,000	1,819,000		
Philadelphia . . . . .	1,931,334	1,950,961	1,293,697	121,376	41,220
Vienna . . . . .		1,836,000	1,727,073	446,415	231,949
Detroit . . . . .	1,623,452	1,568,662	285,704	21,019	
Calcutta † . . . . .		1,485,582	1,145,933		
Rio de Janeiro . . . . .		1,469,000	687,699	166,419	
Sydney . . . . .		1,254,000	487,932	53,924	2,537
Los Angeles . . . . .	1,504,277	1,238,048	102,479	1,610	
Warsaw . . . . .		1,178,000	638,000	160,000	100,000
Bombay . . . . .		1,161,000	776,000		
Hamburg . . . . .		1,147,000	721,744	194,000	
Cairo . . . . .		1,103,196	570,000		
Glasgow . . . . .		1,088,000	761,709	344,986	77,385
Melbourne . . . . .		1,033,000	496,079	39,000	
Rome . . . . .		1,008,000	463,000	184,000	153,000
Budapest . . . . .		1,005,000	732,000	178,000	54,000
Birmingham . . . . .		1,002,000	522,000	242,000	71,000

\* 1940 data from Preliminary Census Release.

\*\* 1930 or latest available

† Includes suburbs.

With the large increase in urban population came a corresponding decrease in the percentage of the rural population, especially after 1880. At that time the rural population constituted about 71 per cent of the nation's total population; in 1930 it had dropped to only 43 per cent.<sup>2</sup>

The shift of population to urban areas brought a rapid decrease in the proportion of farmers and a marked change in the occupa-

<sup>1</sup> Warren S. Thompson, *Population Problems*, McGraw-Hill Book Company, Inc., New York, 1935, p. 301.

<sup>2</sup> National Resources Committee, *Our Cities, Their Role in the National Economy*, Government Printing Office, Washington, D. C., 1937, p. 1.

TABLE VIII<sup>1</sup>

POPULATION IN GROUPS OF CITIES, CLASSIFIED ACCORDING TO SIZE, AND IN RURAL TERRITORY, FOR THE UNITED STATES 1890 TO 1930

<i>Per Cent of Total Population</i>	1930	1920	1910	1900	1890
UNITED STATES . . . . .	100 0	100 0	100.0	100 0	100.0
Urban territory . . . . .	56 2	51 4	45 8	40 0	35.4
Places of 1,000,000 or more . . .	12.3	9 6	9 2	8 5	5 8
Places of 500,000 to 1,000,000 . . .	4 7	5.9	3 3	2 2	1.3
Places of 250,000 to 500,000 . . .	6 5	4 3	4.3	3 8	3 9
Places of 100,000 to 250,000 . . .	6 1	6 2	5.3	4 3	4.4
Places of 50,000 to 100,000 . . .	5.3	5 0	4 5	3.6	3.2
Places of 25,000 to 50,000 . . .	5 2	4 8	4 4	3.7	3 6
Places of 10,000 to 25,000 . . .	7.4	6.6	6 0	5 7	5.4
Places of 5,000 to 10,000 . . .	4.8	4.7	4.6	4.2	3.8
Places of 2,500 to 5,000 . . .	3 8	4 3	4 2	4.1	4.0
Rural territory . . . . .	43 8	48 6	54 2	60 0	64 6
Incorporated places of 1,000 to 2,500 . . .	3.9	8.5	8.9	8 3	7.5
Incorporated places under 1,000 . . .	3 6				
Other rural territory . . . . .	36 4	40 2	45.3	51.7	57.0

tional structure of the nation. In 1870, 52.8 per cent of American workers were gainfully employed in agriculture, as over against only 21.3 per cent in 1930.<sup>2</sup> Rural areas have somewhat mirrored the process of urbanization by taking on many of its aspects. Improved roads, the widespread use of automobiles and telephones, the ubiquity of motion pictures, chain stores, and national publications have greatly lessened the social differences between the rural and urban world. New means of transportation, application of electricity, and other forces are drawing the city and the country closer together. Indeed, these improvements have given the small city and the country many advantages over the metropolis without the unattractive features that often go with life in great cities.

In the *Sixteenth Census of the United States* (1940), we see a reversal in the trend of growth in both urban and rural areas. Preliminary figures show an increase of about 7 per cent in rural areas over the rural population of 1930. This is doubly significant

<sup>1</sup> *Abstract of the Fifteenth Census of the United States* Government Printing Office, Washington, D. C., 1933, p. 14.

<sup>2</sup> National Resources Committee, *Our Cities, Their Role in the National Economy*, Government Printing Office, Washington, D. C., 1937, p. 2.

because farms had been losing population for the preceding twenty years. Several factors probably account for the growth of rural population: the depression, causing a back-to-the-farm movement in some areas, reluctance to migrate to the cities, and a higher birth rate ("farms are the breeding ground of the nation, while the cities are the consumers of the population" <sup>1</sup>). On the whole, the census figures do not necessarily indicate that people are going back to the farms, but may mean that they are becoming suburbanites instead. The 1940 census reveals also a striking change in the growth of the large American cities. As shown earlier in this chapter, the combined population of the cities with 100,000

TABLE IX

URBAN, RURAL-NONFARM, AND RURAL-FARM POPULATION OF THE UNITED STATES  
1940 AND 1930 <sup>2</sup>

	1940	% of Total Pop. 1940	1930	% of Total Pop. 1930	Increase 1930-1940	
					Number	Per Cent
Total population	131,669,275	100.0	122,775,046	100.0	8,894,229	7.2
Urban . . . .	74,423,702	56.5	68,954,823	56.2	5,468,879	7.9
				(Rural) -	3,425,350	6.4
Rural-nonfarm .	27,094,497	20.6	23,662,710	19.3	3,431,787	14.5
Rural-farm . .	30,151,076	22.9	30,157,513	24.6	- 6,437	

or more population showed an increase in population of 5 per cent between 1930 and 1940, as compared with 23.7 per cent for the same cities between 1920 and 1930. New York, still the largest city in the United States, grew only 7.6 per cent during the decade and Chicago remained almost stationary, whereas in the previous decade each city grew over 23 per cent. Twenty-eight of the cities lost population between 1930 and 1940, as compared with only four of the same cities between 1920 and 1930. Only one city of 100,000 or more, Washington, D. C., grew more rapidly between 1930 and 1940 than between 1920 and 1930. Table X presents the 92 leading American cities of 100,000 or more.<sup>3</sup>

<sup>1</sup> W. F. Ogburn, *Machines and You*, University of Chicago Press, Chicago, 1934, p. 23

<sup>2</sup> Adapted from Sixteenth Census of the United States (Preliminary Release, Bureau of the Census, Washington, D. C., Series P-5 #3), Feb. 20, 1941.

<sup>3</sup> Sixteenth Census of the United States, 1940, Bureau of the Census, Washington, D. C., Series P-3, No. 4.



TABLE X<sup>1</sup>

POPULATION OF CITIES OF 100,000 OR MORE, IN THE UNITED STATES: 1940.

Rank		City	Population		Increase 1930-40	Per Cent of Increase	
1940	1930		1940	1930		1930- 1940	1920- 1930
1	1	New York, N. Y. . .	7,454,995	6,930,446	524,549	7.6	23.3
2	2	Chicago, Ill. . . .	3,396,808	3,376,438	20,370	0.6	25.0
3	3	Philadelphia, Pa. .	1,931,334	1,950,961	*-19,627	-1.0	7.0
4	4	Detroit, Mich. . .	1,623,452	1,568,662	54,790	3.5	57.9
5	5	Los Angeles, Calif. .	1,504,277	1,238,048	266,229	21.5	114.7
6	6	Cleveland, Ohio . .	878,336	900,429	-22,093	-2.5	13.0
7	8	Baltimore, Md. . .	859,100	804,874	54,226	6.7	9.7
8	7	St. Louis, Mo. . .	816,048	821,960	-5,912	-0.7	6.3
9	9	Boston, Mass. . .	770,816	781,188	-10,372	-1.3	4.4
10	10	Pittsburgh, Pa. . .	671,659	669,817	1,842	0.3	13.8
11	14	Washington, D. C. .	663,091	486,869	176,222	36.2	11.3
12	11	San Francisco, Calif. .	634,536	634,394	142	(†)	25.2
13	12	Milwaukee, Wis. . .	587,472	578,249	9,223	1.6	26.5
14	13	Buffalo, N. Y. . .	575,901	573,076	2,825	0.5	13.1
15	16	New Orleans, La. . .	494,537	458,762	35,775	7.8	18.5
16	15	Minneapolis, Minn. .	492,370	464,356	28,014	6.0	22.0
17	17	Cincinnati, Ohio . .	455,610	451,160	4,450	1.0	12.4
18	18	Newark, N. J. . .	429,760	442,337	-12,577	-2.8	6.7
19	19	Kansas City, Mo. . .	399,178	399,746	-568	-0.1	23.2
20	21	Indianapolis, Ind. . .	386,972	364,161	22,811	6.3	15.9
21	26	Houston, Texas . .	384,514	292,352	92,162	31.5	111.4
22	20	Seattle, Wash. . .	368,302	365,583	2,719	0.7	15.9
23	22	Rochester, N. Y. . .	324,975	328,132	-3,157	-1.0	10.9
24	29	Denver, Colo. . .	322,412	287,861	34,551	12.0	12.2
25	24	Louisville, Ky. . .	319,077	307,745	11,332	3.7	31.0
26	28	Columbus, Ohio . .	306,087	290,564	15,523	5.3	22.6
27	25	Portland, Oreg. . .	305,394	301,815	3,579	1.2	16.9
28	32	Atlanta, Ga. . . .	302,288	270,366	31,922	11.8	34.8
29	30	Oakland, Calif. . .	302,163	284,063	18,100	6.4	31.4
30	23	Jersey City, N. J. .	301,173	316,715	-15,542	-4.9	6.2
31	33	Dallas, Texas . . .	294,734	260,475	34,259	13.2	63.8
32	36	Memphis, Tenn. . .	292,942	253,143	39,799	15.7	55.9
33	31	St. Paul, Minn. . .	287,736	271,606	16,130	5.9	15.7
34	27	Toledo, Ohio . . .	282,349	290,718	-8,369	-2.9	19.6
35	34	Birmingham, Ala. .	267,583	259,678	7,905	3.0	45.2
36	38	San Antonio, Texas .	253,854	231,542	22,312	9.6	43.5
37	37	Providence, R. I. . .	253,504	252,981	523	0.2	6.5
38	35	Akron, Ohio . . .	244,791	255,040	-10,249	-4.0	22.4
39	39	Omaha, Nebr. . . .	223,844	214,006	9,838	4.6	11.7
40	41	Dayton, Ohio . . .	210,718	200,982	9,736	4.8	31.7
41	40	Syracuse, N. Y. . .	205,967	209,326	-3,359	-1.6	21.9
42	43	Oklahoma City, Okla.	204,424	185,389	19,035	10.3	103.1
43	53	San Diego, Calif. . .	203,341	147,995	55,346	37.4	99.0
44	42	Worcester, Mass. . .	193,694	195,311	-1,617	-0.8	8.7
45	44	Richmond, Va. . . .	193,042	182,929	10,113	5.5	6.6
46	48	Fort Worth, Texas . .	177,662	163,447	14,215	8.7	53.5

<sup>1</sup> Preliminary release, Bureau of the Census, Washington, D. C., 1940.

TABLE X — *Continued*

Rank		City	Population		Increase 1930-1940	Per Cent of Increase	
1940	1930		1940	1930		1930- 1940	1930
47	63	Jacksonville, Fla. . .	173,065	129,549	43,516	33.6	41.5
48	78	Miami, Fla. . . . .	172,172	110,637	61,535	55.6	274.1
49	45	Youngstown, Ohio . .	167,720	170,002	- 2,282	- 1.3	28.4
50	51	Nashville, Tenn. . . .	167,402	153,866	13,536	8.8	30.0
51	47	Hartford, Conn. . . .	166,267	164,072	2,195	1.3	18.9
52	46	Grand Rapids, Mich. .	164,292	168,592	- 4,300	- 2.6	22.5
53	57	Long Beach, Calif. . .	164,271	142,032	22,239	15.7	155.5
54	49	New Haven, Conn. . . .	160,605	162,655	- 2,050	- 1.3	0.1
55	56	Des Moines, Iowa . . .	159,819	142,559	17,260	12.1	12.7
56	50	Flint, Mich. . . . .	151,543	156,492	- 4,949	- 3.2	70.8
57	59	Salt Lake City, Utah . .	149,934	140,267	9,667	6.9	18.8
58	52	Springfield, Mass. . .	149,554	149,900	- 346	- 0.2	15.7
59	54	Bridgeport, Conn. . . .	147,121	146,716	405	0.3	2.2
60	62	Norfolk, Va. . . . .	144,332	129,710	14,622	11.3	12.0
61	61	Yonkers, N. Y. . . . .	142,598	134,646	7,952	5.9	34.4
62	58	Tulsa, Okla. . . . .	142,157	141,258	899	0.6	96.0
63	55	Scranton, Pa. . . . .	140,404	143,433	- 3,029	- 2.1	4.1
64	60	Paterson, N. J. . . . .	139,656	138,513	1,143	0.8	1.9
65	64	Albany, N. Y. . . . .	130,577	127,412	3,165	2.5	12.4
66	67	Chattanooga, Tenn. . .	128,163	119,798	8,365	7.0	106.9
67	65	Trenton, N. J. . . . .	124,697	123,356	1,341	1.1	3.4
68	70	Spokane, Wash. . . . .	122,001	115,514	6,487	5.6	10.6
69	66	Kansas City, Kans. . .	121,458	121,857	- 399	- 0.3	20.4
70	72	Fort Wayne, Ind. . . .	118,410	114,946	3,464	3.0	32.8
71	68	Camden, N. J. . . . .	117,536	118,700	- 1,164	- 1.0	2.1
72	69	Eric, Pa. . . . .	116,955	115,967	988	0.9	24.2
73	71	Fall River, Mass. . . .	115,428	115,274	154	0.1	- 4.3
74	77	Wichita, Kans. . . . .	114,966	111,110	3,856	3.5	53.9
75	80	Wilmington, Del. . . .	112,504	106,597	5,907	5.5	- 3.2
76	92	Gary, Ind. . . . .	111,719	100,426	11,293	11.2	81.3
77	81	Knoxville, Tenn. . . .	111,580	105,802	5,778	5.5	36.0
78	74	Cambridge, Mass. . . .	110,879	113,643	- 2,764	- 2.4	3.6
79	76	Reading, Pa. . . . .	110,568	111,171	- 603	- 0.5	3.1
80	75	New Bedford, Mass. . .	110,341	112,597	- 2,256	- 2.0	- 7.1
81	73	Elizabeth, N. J. . . . .	109,912	114,589	- 4,677	- 4.1	19.6
82	79	Tacoma, Wash. . . . .	109,408	106,817	2,591	2.4	10.2
83	83	Canton, Ohio . . . . .	108,401	104,906	3,495	3.3	20.5
84	91	Tampa, Fla. . . . .	108,391	101,161	7,230	7.1	96.0
85	96	Sacramento, Calif. . . .	105,958	93,750	12,208	13.0	42.2
86	82	Peoria, Ill. . . . .	105,087	104,969	118	0.1	37.9
87	85	Somerville, Mass. . . .	102,177	103,908	- 1,731	- 1.7	11.6
88	93	Lowell, Mass. . . . .	101,389	100,234	1,155	1.2	- 11.1
89	84	South Bend, Ind. . . . .	101,268	104,193	- 2,925	- 2.8	46.8
90	90	Duluth, Minn. . . . .	101,065	101,463	- 398	- 0.4	2.6
91	103	Charlotte, N. C. . . . .	100,899	82,675	18,224	22.0	78.4
92	89	Utica, N. Y. . . . .	100,518	101,740	- 1,222	- 1.2	8.1

\* A minus sign (-) denotes decrease. † Less than one-tenth of 1 per cent

The greatest increase, according to data so far released, is found in communities of medium size. Towns (2500 to 25,000 population) grew at a faster rate than did the cities (over 25,000) and faster than the villages (250 to 2500 population) and farms combined. Places from 10,000 to 25,000 increased by 9 per cent; cities beyond this size grew only 4.7 per cent in population, and the smaller communities 6.8 per cent.<sup>1</sup> Does this mean that we are witnessing a reversal in the trend of urban growth characteristic of the last 150 years?

### FACTORS IN THE DEVELOPMENT OF CITIES

**Physical Factors.** Cities do not grow up by themselves; they are developed by people in order to fulfill certain social and economic needs and desires. However, geographic conditions, that is, topography, climate, and soil — factors over which man has little control — have played an important role in influencing and conditioning the location and development of cities, particularly those of the pre-industrial period. Geographic conditions favoring defense were important in choosing a site for the earlier cities. Paris, for example, was started upon an island where it was assumed attack would be difficult. More important, however, were conditions favoring agriculture, and the earliest cities were generally located along the river valleys or in the center of farming regions where land was rich and fertile. The introduction of scientific farming methods plus the invention of power-driven machinery and modern transportation have greatly lessened the control which geographic factors once had over the location of population groups. Today large cities can flourish even though they are far removed from good food-producing land, especially if they are favorably located with reference to transportation routes and mineral resources.

*Breaks in Transportation.* Geographical factors which influence trade and transportation have a fundamental importance in determining the location of a city. Where breaks of transportation occur, that is, an interruption of the flow of goods sufficient to cause storage or transfer, cities tend to grow. Junctures between land and water transportation are especially favorable to city

<sup>1</sup> Ogburn, *op cit*, p. 22.

growth, and many of the world's greatest commercial cities have developed where the two systems come into contact. New York, San Francisco, New Orleans, for example, where land transportation and waterways meet. Many great cities are located on or near navigable water of some kind where they may take advantage of cheap water transportation. Some examples of this type of transportation break are estuaries, lake ports, river ports, mouths of rivers, canal terminals. Breaks in land transportation are likewise important, and many of America's big cities are located at the intersection and convergence of routes of travel.

*Natural Resources.* The coming of mechanical power placed new importance on certain ore, oil, and coal deposits. Since these are bulky and costly to transport, manufacturing and production cities tend to develop near the sources of the deposits, particularly where two or more deposits occur close together. Gary, Indiana, for example, has become a great iron and steel city because of its accessibility to the iron ore of the Upper Michigan peninsula and the coal of the Ohio Valley and Illinois coal fields.

*Climate.* The degree to which climate determines the location of cities is indefinite though many students of city growth have attempted to show a close correlation. Professor Smith has pointed out the closeness of the world's greatest cities to the middle latitude between the extremes of heat and cold. Each of these cities has a cool or cold winter and a hot summer; each, because of temperate weather conditions, is conducive to production, large populations, and activity in general.<sup>1</sup>

*Elevation.* Comparatively few cities in the United States occur in altitudes over 2000 feet above sea level. The great majority of cities having a population of 10,000 or over are found in altitudes ranging from 1000 feet above sea level to 500 feet below sea level. Since the main routes of transportation on which the city is dependent are generally located at low altitudes, cities for the most part occur at low altitudes. High altitudes, on the other hand, do encourage certain resorts and health centers.<sup>2</sup>

**Technological Factors.** *Agricultural Changes.* The introduction of scientific farming methods during the nineteenth century enabled

<sup>1</sup> J. R. Smith, *Industrial and Commercial Geography*, Henry Holt and Company, Inc., New York, 1925, p. 10

<sup>2</sup> Gist and Halbert, *op cit*, p. 76.

the production of large surpluses of food by a limited population, thus freeing large numbers of the rural populace to migrate to the towns and cities. This condition was required for the growth of cities, which are made up of people who do not produce their own food supply. The surplus of agricultural products upon which the city depends need not be drawn from its immediate hinterlands, however, nor even within the boundaries of the country. Modern commerce and technology have enabled the city to draw upon distant parts of the country, and even from other countries, for its subsistence.<sup>1</sup>

*Steam.* With the application of steam as a source of power for industry and transportation began the economic and social changes of the so-called Industrial Revolution which made the modern city possible. The use of steam increased the speed and lowered the cost of long-distance transportation, thus widening the areas from which cities could draw their food and raw materials, and at the same time enabling cities to sell their goods and services to people throughout the world. Since steam is most economically produced in large quantities and cannot be transmitted for great distances when used directly for power, the large factory was the natural development. The more steam was applied to production units, the lower costs became, and factories that were successful tended to increase in size. As factories increased, more workers concentrated nearby so as to be within easy reach of their work. Large factories attracted satellite industries with their attendant plants, workers, and workers' homes. Thus we see the cumulative effect of factory concentration making for a high degree of urban congestion.<sup>2</sup>

*Electricity.* While the use of steam as the direct motivating power in industry and transportation has largely determined the pattern of the modern city, the significance of electricity for these same purposes has just begun to be understood. The qualities of electricity, as contrasted to those of steam, suggest considerable dynamic changes in the present form of the city with its further application. (1) Steam, when used directly, has had a concentrative effect. Electricity and the internal-combustion engine, however, tend to have a dispersive effect, since electricity can be distributed economically over distances up to several hundred miles and can be

<sup>1</sup> National Resources Committee, *Our Cities: Their Role in the National Economy*, p. 29.

<sup>2</sup> Thompson, *op cit*, pp. 301-311.

used with almost equal efficiency in large or small units. (2) Electric power has distinct and obvious advantages over steam for rapid local transportation. (3) The use of electricity in communication, in the form of the telegraph, telephone, and radio "gives promise of having at least as great an influence in reshaping our cities and our civilization during the twentieth century as steam did during the nineteenth."<sup>1</sup>

The automobile and airplane are adding their influence to the dispersive tendencies which electricity has begun.

*Invention, Industry, and Commerce.* We have indicated above how the development of power-driven machinery stimulated the growth of the city, while the various effects of inventions on city life in all of its phases, economic, political, and social, were discussed in the preceding chapter. Chapter III also discussed the impact of technological innovations upon rural life with its resultant changes in production and social contacts.

The concentration of industry brought large groups of workers to the city. Commerce and trade also attracted specialized workers, both skilled and unskilled, and further contributed to the growth of the city. Today cities not only produce most of the nation's manufactured products, employing and supporting the majority of its working population, "but they are also the managerial, service, and commercial distributing centers."<sup>2</sup> The city, then, as the center of commerce and as a market place, is an important phase of all the great world cities, both in the Orient and in the Occident.

*Sanitation.* The great technological advancement in sanitation and engineering, and the improvements in administrative organization, have helped to remove many of the hazardous conditions common to the early city. Food and water inspection, centralized waste disposal systems, prevention and control of contagious diseases — all these factors have lowered the death rate of the city and made it a more desirable place in which to live as compared with the city of a hundred years ago.

**Psychological and Cultural Factors.** Though the causes of city growth in modern times have been mainly economic, psychological and cultural factors have also played a significant part in drawing people to the city. The city, through its very size, offers possibilities

<sup>1</sup> National Resources Committee, *Our Cities: Their Role in the National Economy*, p. 30.

<sup>2</sup> *Ibid.*, p. 3.

of greater freedom and wider economic and social opportunities. The lure of excitement and adventure, the desire for new experience, the call of glamour and romance, of emancipation from family, neighborhood, and community controls, and even of wickedness and immorality emanating from lurid reports of the city — these were forceful appeals to those who lived in the comparatively quiet and simple rural areas. Young people particularly were attracted to the city by such accounts of city life.

The modern city offers many of the best opportunities for intellectual and cultural achievements. (It is interesting to note that the root meaning of the word "civilization" is *city life*.) Schools, libraries, museums, theaters, the arts, and commercialized recreation are more frequent in the larger cities, and, for the most part, superior to those found in towns and rural areas. The opportunities for engaging in the abundant cultural life of the city draw large numbers of people, especially when these opportunities are deliberately boosted by city agents. The personal freedom of thought and action and the stimulus to innovation which city life confers are by no means negligible attractive forces.

Migration, both from rural areas and from abroad, has been an important factor in the development of cities. In Chap. II, on Population, data concerning migration to the city enlarged more fully on this source of urban growth, as well as on the characteristics of the populations found in both urban and rural communities.

The above include the more important factors contributing to the development of cities, but others might be enumerated. Many modern cities depend less upon their geography and more upon their specialized functions for development. Some cities make automobiles, others motion pictures; some are resort centers, and others are industrial; but each one is highly dependent on one or more particular activities. The centralization of political bodies is another factor which influences the growth of some cities, just as other cities owe their growth, for the most part, to the presence of institutions of higher learning or religious centers.

### STRUCTURE OF CITIES

**The Structure of Cities.** Do all cities have the same pattern? Are there "laws" of urban growth? Though many principles of urban growth and structure have been evolved, few of them are

now believed to be valid without qualification. Some of the theories now considered invalid are that the city tends to grow westward; that urban populations double every twenty-five years; that the city grows like a biological organism; or that the city develops into a triangular shape. Professor Burgess<sup>1</sup> has developed an important theory which attempts to interpret the pattern of urban growth in the form of concentric circles. This pattern, like many others that have been developed, is the result of the expansion of the city from the center outward, due to the competition of industry, business, and social classes for advantageous positions. The concentric-zone theory represents an ideal pattern of city growth which tends to be characteristic of many American cities. Many cities, of course, do not conform to this picture, since geographical factors, lines of transportation, or cultural factors tend to disrupt the uniform expansion of the city in all directions. The extent to which these factors differ gives each city its particular structural characteristics, but in general the principles of expansion are much the same throughout the country. Figure 8 shows the growth and structure of the urban community according to the concentric-zone theory.

*Zone I—The Central Business District.* In the center of the city is found the main business district, the *center of dominance*, so called because of its great influence on the urban structure. Here are the department stores, the specialty shops, and all those retail establishments which can afford the high rentals. Here too are the city's administrative offices, financial institutions, office buildings, industrial firms, great hotels, and theater districts. Lines of transportation converge at the center of the city in order to bring in and take away the great masses who daily travel to and from the city's center. Though few people actually live in the heart of the city, there are many transients. This great intensity of traffic within the city center greatly enhances the desirability of its land for business use. Thus the most valuable properties are generally found here and skyscrapers are erected to realize the greatest returns possible on limited plots of land.

*Zone II—Area of Transition.* Beyond the center of the city lies an area of transition. In it are found slums, the first generation immigrant colonies, gambling resorts, vice areas, Hobohemia, and

<sup>1</sup> From R. E. Park and E. W. Burgess, *The City*, University of Chicago Press, Chicago, 1925, p. 55.



artists' quarters. Warehouses, junk yards, and manufacturing establishments are interspersed with tenements, deteriorating residences, social agencies, and police stations. The rents here may be very low though land values are high. This transition area is generally held for speculative purposes since it is easily accessible to the center of the city, which, if the city grows, may later expand to

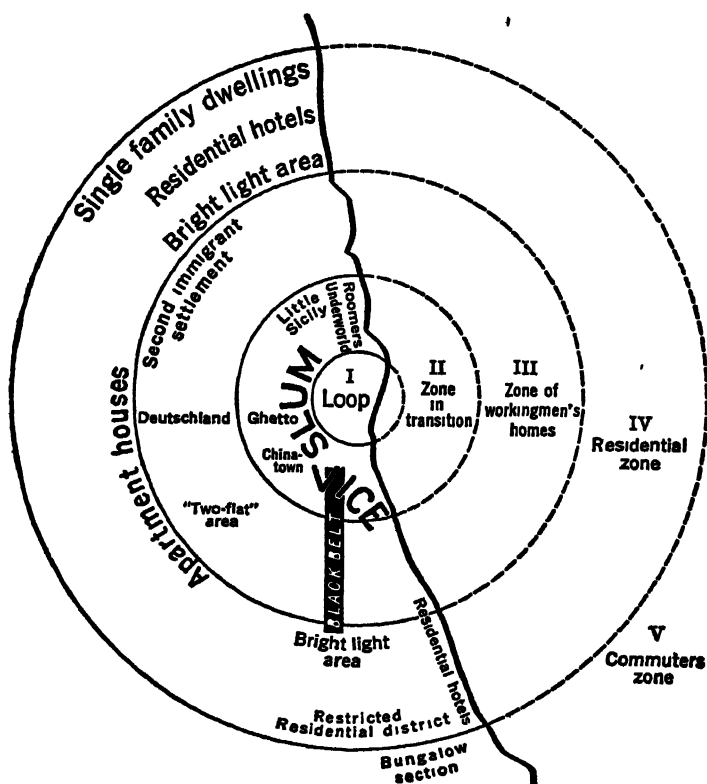


FIG. 8. THE PATTERN OF CITY GROWTH AND STRUCTURE AS ILLUSTRATED BY CHICAGO

From Robert E. Park, et al., *The City*, University of Chicago Press, 1925, p. 55.

include it. Rents are low because, from a residential standpoint, the area of transition is not desirable; physical deterioration and disorganization reach their peak here. It should be noted, however, that this zone may include an exclusive residential area, or the Gold Coast, as happens to be the case in Chicago along its exclusive northern lake-front.

*Zone III — Area of Workingmen's Homes.* This area is usually composed of multiple dwellings commanding relatively low rent, but in better condition than the slums. It is generally composed of second-generation immigrants, of workingmen's homes, and other low-income groups in the population who wish to be fairly close to their work, and who are trying, very often, to get into Zone IV. A number of commercial centers as well as local business districts which cater to the needs of the local residents develop in this area.

*Zone IV — Residential Area.* In this area are located the residences and apartment houses occupied by the middleclass, professional people, small business men, executives, and salesmen. Though formerly this area consisted chiefly of privately owned single-family residences, they are gradually giving way to apartment houses and residential hotels. Where the main lines of travel intersect, important local business centers develop, containing shops, banks, office buildings, theaters, taverns, and other amusement facilities, thus forming minor "bright-light" districts.

*Zone V — The Commuter's Zone.* This is the suburban area located on the outer periphery of the city. Here we find costly single-family residences as well as industrial districts. Here, too, are country clubs, golf courses, cemeteries, parks, and agricultural activities. These suburbs are sometimes called "dormitory" or "bedroom" towns because so many persons who live there leave early in the morning for work in the city and do not return until nightfall.

Authorities have shown many exceptions to the zonal theory as an ideal scheme of city growth. Topographical formations and barriers frequently obscure, or even break up, the symmetrical growth. Lines of demarcation between zones are not clearly established; zones may overlap or fade into each other. Characteristics of a particular zone are not limited to that zone only. For example, slums may be found in a comparatively "exclusive" suburban area. Furthermore, workingmen's homes are not limited to any one zone: first, since factories are not concentrated in only one area around the core of the city, there is no need for workingmen's homes to encircle the factory belt; and second, because rapid transportation facilities enable the workingman to live away from the scene of his work. Again, no symmetrical zone of better residential neighborhoods has been found on the outskirts of the city, but rather scattered clusters of suburban settlements with large areas of vacant land and low-

cost real-estate subdivision developments between them. And further, suburban areas vary greatly as to housing facilities, ranging from princely estates to shanty towns. Other examples might be cited to show variation from the ideal concentric-zone pattern.

It should not be concluded, therefore, that the concentric-zone theory of urban expansion is fixed and conclusive. It was originally made with the idea that no one city wholly conformed to the requirements of the ideal structure. This pattern does, however, lend itself to an orderly interpretation of the complex factors contributing to the growth and development of the modern American city, and as such is of definite value to the student by providing him with a generalized picture of the basic factors in urban structure and growth.

### RURAL URBAN CONTRASTS

On first approach rural-urban differences seem to be quite clear-cut, especially to the casual observer. Yet a listing of specific differences between the city and the rural community is made difficult, almost impossible, by the intimate relationship between the two which tones down the distinctive characteristics of each. The size of the community, for example, is frequently used as a criterion for determining whether an area is urban or rural. As previously indicated, the United States census at the present time defines a city as an incorporated community of 2,500 or more inhabitants. Incorporated centers, however, range in size from hamlets with less than 100 population to great metropolitan centers having millions of inhabitants. The limitations of defining a city in terms of any one category, such as population, should be clearly understood. People living in a city of fewer than 2,500 population may still be urban in nature, as for example, those living on the fringe of a large city. On the other hand, there are many areas which are counted as cities but which do not possess urban characteristics. "Is a manufacturing center with 2,000 inhabitants as rural as an agricultural trade center of 3,000 population? or a Mormon village community in which 5,000 farm people reside? or a Mexican city of 20,000 population, most of whom are engaged in agriculture?"<sup>1</sup>

<sup>1</sup> T Lynn Smith, *The Sociology of Rural Life*, Harper & Brothers, New York, 1940, p. 14

A density of 10,000 persons per square mile, as well as a density of 1,000 per square mile, have been proposed as criteria for urban settlements. Again, density alone cannot make a city, nor can sparsity of settlement prevent a community from having urban characteristics. "Unless density is correlated with significant social characteristics, it can furnish only an arbitrary basis for differentiating urban from rural communities."<sup>1</sup>

You have seen that the big, bustling American city of today was not created overnight, but rather, like Topsy, it "just grewed." The backwoods hamlet of yesterday changed to the rural village, the town, the city, and even to the great metropolitan center. The principal characteristics of each simply overlapped, blended, or mixed with the characteristics of the other stages of growth, all of which were essential influences on the existing mode of life.

For purposes of classification, however, we have set up two extremes, or poles: the *urban* and the *rural* community. This does not mean that each area is made up of purely urban or purely rural characteristics, but rather that one community is more urban or more rural than the other. Such differences between the rural and urban modes of living as are indicated are not produced by any one characteristic of either area, but are rather "the result of a number of closely integrated and functionally related attributes."<sup>2</sup>

**Occupations.** Probably the most striking difference between rural and urban communities is that of occupations. Indeed, the country man is frequently referred to as "a farmer," but it is exceedingly rare that the urbanite is thus labeled. Here we have a principal difference: the rural dweller is primarily engaged in agriculture and animal husbandry, the urban dweller in trade and industry. The effects of these diverse interests are important. (1) Those engaged in farming, through the very nature of the work, are brought close to nature. They must deal with living, growing things amid elements little controlled by man. Sunshine, fresh air, nature, and the nature of the work all help to influence the personality of the rural dweller. (2) Urban occupations in the main involve the handling of mechanical things in both manufacturing and in the sale of goods. The urban dweller has little

<sup>1</sup> Louis Wirth, "Urbanism as a Way of Life," *American Journal of Sociology*, XLIV (July, 1938), p. 5

<sup>2</sup> Smith, *op. cit.*, pp 14-15

contact with nature-in-the-raw. The air is sooty, the sunshine is dulled, and mechanical instruments regulate the temperature.

**Size of Communities.** The nature of agriculture is such that large areas of land are required by those engaged in its cultivation. Thus large communities with a high density of population become virtually impossible. This aspect of rural life, the size of the community, has served as a convenient criterion of the urban and rural area.

The city, on the other hand, implies "a relatively large, dense, and permanent settlement,"<sup>1</sup> the concentration of great masses of people with diverse skills, techniques, and interests within a limited area. As indicated earlier in this section, an incorporated center with a population of 2500 or more is classified as a city in the United States.

**Density of Population.** A low density of population is characteristic of rural areas where agriculture is the primary occupation. This accounts for the frequent acceptance of density as the fundamental difference between urban and rural areas.

A dramatic contrast in density of population is pictured in the following data. In 1930 for the United States as a whole there were 41.3 persons per square mile. In rural United States there were less than 18 per square mile, while the rural farm population had only 10 persons per square mile.<sup>2</sup> The city, on the other hand, is well known for its crowding together of great masses of people within a relatively small area. In 1930 nearly 45 per cent of the total population of the United States, and 68 per cent of its urban inhabitants, were contained in the 96 leading metropolitan centers which occupy only 1.2 per cent of the land area of the entire nation.<sup>3</sup>

Differences in density of population constitute a basic influence on the environment and social conditions of urban and rural dwellers. Low density of population gives many advantages to the country: fresh air, sunshine, and natural scenic beauty as well as comparatively intimate social relationships. Certain cultural and physical advantages, such as improved schools, libraries, museums, churches, theaters, and roads, are relatively rare since a small group of taxpayers cannot support these costly projects.

<sup>1</sup> Wirth, *op cit*, p 8

<sup>2</sup> Smith, *op cit*, p 18.

<sup>3</sup> National Resources Committee, *Our Cities Their Role in the National Economy*, p. 2.

The high density of population in the city helps to create a characteristic mode of living. On the negative side we find: congestion; smoke, soot, dirt; lack of privacy; noise; high land values and rentals; impersonal, anonymous relationships; conflict of groups and cultures; extreme social and economic stratification; nervous, physical, and mental strain.

A high rate of density, on the other hand, helps to make possible numerous advantages, some of which are: better schools, libraries, theaters, churches; improved lighting, paving, sewerage; opportunity for numerous cultural, occupational, and recreational pursuits, as well as for broader social contacts. Some of the more important characteristics of urban and rural groups will be considered in greater detail below.

**Homogeneity and Heterogeneity.** Though rural society in the United States embraces almost every racial and cultural group, rural districts are highly homogeneous, being made up of small, isolated units. The rural person's contacts are chiefly with neighboring farmers whose race, nationality, cultural background, and economic attainments are very much like his own. Rural groups are not so closely integrated, nor so interdependent as urban groups, with the result that rural society does not function as a unit.<sup>1</sup>

Cities, on the other hand, are composed of people of widely different racial and cultural backgrounds, having grown to their present dimensions largely through foreign, rural, and Negro migration. The city dweller is in almost constant contact with persons having different customs, ideas, occupations, standards of living, and language. This social interaction tends to break down class barriers which are common among homogeneous groups. Increased mobility brings the city person among diverse social groups, in each of which his status may be different, thus giving him a sense of instability and insecurity. Different interests, resulting from his association with diverse aspects of social life, prompt the affiliation of individuals in a variety of groups, none of which has his undivided allegiance.<sup>2</sup>

**Specialization.** Intense specialization is a by-product of the complexity and heterogeneity of city life; consequently, specialists in every phase of life are found within the city. Over 25,000 spe-

<sup>1</sup> Smith, *op. cit.*, pp. 25-26.

<sup>2</sup> Wirth, *op. cit.*, p. 16.

cialized occupations were listed by the United States Bureau of the Census in 1930. The city dweller is increasingly exposed to contact with this intense specialization, which not only opens new vistas of wants and desires, but also creates the need for new occupations in order to satisfy these wants.

The contacts of individuals in the city are not necessarily limited to one particular locale since the cultural development of the city, like its material development, may be world-wide. The arts, literature, and manners, for example, are drawn from all parts of the world to stimulate and cultivate new tastes and desires, which in turn create new fields of activities for specialization.

**Social Relationships.** The rural person, in his social contacts, covers a more limited and narrower area than does the urbanite. Relationships in this smaller area are largely of a direct, face-to-face nature and are personal and durable as compared with the secondary, impersonal, and fleeting contacts of the city person. This does not mean that personal relationships are not found within the city, but that the greatest number of city contacts are superficial, impersonal, segmental, formal and fleeting, or secondary, as distinguished from the primary contacts characterizing rural life. The inevitability of impersonal relationships can readily be understood when one considers the great masses of people within a limited area, their many activities, and their extreme mobility, which continually shuffles them in and out among one another. The economic activity of the city, with its emphasis on trade, encourages secondary contacts and impersonal relationships since trade, by its very nature, is impersonal. Each day in the city an individual has direct contact with great numbers of people — in subways and streetcar crowds, in schoolrooms, in downtown shopping throngs — but he has neither the time nor the opportunity for intimate acquaintance. Because of the superficiality and lack of understanding in these anonymous contacts, individuals formulate stereotyped categories into which they can relegate the multitudes of people casually met. The “money economy” places an objective value on persons and things. People are judged by what they have done or can do, and they are categorized according to their places and status in the community with the result that they become mere abstractions: rich men or poor men, racketeers or honest citizens.<sup>1</sup>

<sup>1</sup> Gist and Halbert, *op. cit.*, pp 261–262.

Hand in hand with the social distance, the impersonality and the instability, which are characteristic of social relationships in the city, goes a marked increase in collective action. As William F. Ogburn states, "The closeness with which city dwellers live and work together makes possible more collective effort in regard to many matters of human welfare than has been found elsewhere in history, except possibly the army" <sup>1</sup>

**Social Distance.** Social relationships in the city are especially characterized by the social distance that exists between individuals and groups. The many factors of city life, its heterogeneity, specialization, class and race distinctions, extremes of wealth and poverty, develop a group consciousness so marked that persons with similar interests, backgrounds, or positions segregate themselves spatially as well as socially from others who are different. Distances may spring from variations in economic activities or status, color or race, cultures or concepts; in all cases, they are the result of attitudes developed by city dwellers toward one another and toward themselves. Segregation of like groups into distinct communities is characteristic of cities and considerably determines their spatial patterns.<sup>2</sup>

**Mobility.** Urban persons are profoundly influenced by the swift-moving stream of city life where individuals are briefly brought together only to move on their various ways again. Mobility, both spatial and social, reaches its height in the city. Spatial or physical mobility is intensified in the city by the widespread mechanization of transportation and communication, the many varied forms of commercial and recreational activities, and the ever-changing wants and desires resulting from publicity and free associations. There are many types of spatial movements within the city: movements from one residence, apartment, hotel, or flat to another. Most frequent are movements to and from work; others are connected with the search for recreation, adventure, or amusement. In addition there are the frequent movements outside the bounds of the city, as urban dwellers go to and from the suburbs and other cities for occupational or recreational activities.<sup>3</sup>

<sup>1</sup> *Social Characteristics of Cities*, Chicago, 1937, p. 4. (Reprinted by permission of the International City Manager's Association)

<sup>3</sup> Gist and Halbert, *op cit.*, p. 266.

<sup>2</sup> *Ibid*, pp. 267-269



Social mobility, like physical mobility, is at a maximum in the city. The transition from one social level to another (vertical mobility) and the transfer from one social level to another of equal status (horizontal mobility) <sup>1</sup> are in striking contrast to the gradual changes which are found in rural areas, where individuals are more strictly bound to the mores and traditions of their groups.

But horizontally and vertically, rural mobility is less marked. It has been shown that farmers change their occupation less than any other occupational group.<sup>2</sup> There is less opportunity to climb the social ladder. There is little changing about from one residence to another, or one community to another since most types of farming require stationary location. Some systems of agriculture, however, are associated with territorial mobility since certain crops require concentrated labor during limited seasons of the year. Thus a migratory class of farm laborers has developed, and with it an important social problem. Yet, on the whole, territorial mobility on the farm is much less than that of urban groups.<sup>3</sup>

**Social Control.** City life with its anonymity, heterogeneous groups, its objectivity, and specializations makes for an increase in the personal freedom of the city dweller. In the country the forces of tradition, the rigidity of the mores and customs have an enormous influence on the life of the individual, who is apt to be kept in line by the sheer weight of public opinion. The mores and conventions of the city, however, by the very nature of urban life, do not lend themselves to enforcement by accepted standards of rural life. Social controls through the medium of the primary groups, such as the family or the church, are therefore less effective in the city than in rural areas. Formal, secondary devices — laws and ordinances, — have been created to regulate the city person's behavior. Though these are more numerous than controls found in rural areas, they are flexible enough to allow the individual to live as he pleases, provided he does not infringe upon the rights of others.<sup>4</sup>

<sup>1</sup> P. A. Sorokin and C. C. Zimmerman, *Principles of Rural-Urban Sociology*, Henry Holt and Company, Inc., New York, p. 28

<sup>2</sup> P. A. Sorokin, C. C. Zimmerman, and C. J. Galpin, *A Systematic Source Book in Rural Sociology*, University of Minnesota Press, Minneapolis, 1930, I: 226-228.

<sup>3</sup> Smith, *op. cit.*, pp. 31-32

<sup>4</sup> Gust and Halbert, *op. cit.*, pp. 283-284.

## PROBLEMS OF RURAL AND URBAN LIVING

Rural problems are so complex, many of them so specialized, that a thorough discussion of each is not possible in a brief survey of rural and urban communities. This chapter will discuss, in outline fashion, some of the important problems affecting both rural and urban life. Again it must be emphasized that many of the problems of the urban and rural populations overlap. Conditions of rural life, particularly, are undergoing rapid change with the mechanization of agriculture and the diffusion of urban folkways, both of which tend to make the city and country more alike.

**The Economic Farm Problem.** The present rural population not only produces the food supply necessary for this nation but a huge surplus besides, which has made the farmer look for markets abroad, and subjected him to the vagaries of the world market. The great problem of the farmer then is not production, but the production of farm products at a profit large enough to compensate his work and enable him to maintain a decent standard of living. Lack of balance between the supply and demand, and a lack of organization in the system of marketing farm products have forced the farmer to sell his products at almost any price offered. Another difficulty is that the prices of farm products are determined in a competitive world market, while the prices of the manufactured products the farmer had to purchase were protected by a high tariff in favor of American manufacturers. Since 1920, however, legislation has been directed toward upsetting this unfair differential.

The nature of farming and the character of the farmers are perhaps the most important factors in the farm problem. Since farm production is dependent upon nature, it is not subject to strict regulations. Ideal weather conditions result in a bumper crop, which means desirable low prices to consumers but low, unprofitable prices to the farmers. Floods, drought, pests, and diseases cause a smaller production and hence higher prices, but many farmers are completely wiped out by these ravages, while others find their crops so reduced that the higher prices do not mean greater income.

In order to balance the supply and demand for farm products, it should be possible to reduce farm production when demand falls off. Unlike other kinds of business, farming can be expanded

rapidly, but it is virtually impossible to contract farm production when demand is reduced unless government action is taken. No farmer willingly takes his farm out of production; thus, no matter what happens to prices, the individual farmer continues to produce, first, for his own sustenance, and second, for some chance at cash for part of his crop. Recent attempts to solve the farm problem have taken this factor into account, so that acreage is being reduced and the farmers are being moved from marginal to better lands.

Fast-falling farm prices, industrial depression, and increased unemployment in cities brought a crisis in the farm economy during the emergency of 1933. The Agricultural Adjustment Administration (AAA) was created at this time to help the farmer by raising the prices of farm products and adjusting the production of those crops whose periodic surplus is largely responsible for disorganized farm prices. By adjusting production of these crops, which were found to be the very crops that wear out the soil, the first AAA was also able to advance soil conservation by making more land available for grasses and other soil-conserving crops. Before much headway could be gained by such a program the Supreme Court declared the crop-control feature of the AAA unconstitutional, hastening the adoption of a national farm program based primarily on conservation. The Agricultural Adjustment Act of 1938 embodies the methods of earlier acts as well as new elements, continuing its program to bolster farm income by use of the following devices:<sup>1</sup>

1. Determining acreage allotments for soil-depleting crops, like wheat, corn, tobacco, cotton, and rice.
2. Establishing marketing allotments when acreage adjustment proves insufficient.
3. Lending money on crops and providing for the Ever Normal Granary.
4. Making parity payments when farm prices, in relation to city prices, are too low.
5. Steadying the seesaw in farm prices through marketing agreements.

Soil conservation is a major objective of the Triple A, which is helping farmers with payments for, as well as knowledge of, better

<sup>1</sup> "Conservation Question Box," *Consumer's Guide*, Government Printing Office, Washington, D C, Vol VI, No 15, May 1, 1940, p. 7.

and more far-reaching soil conservation. Purchase of surplus commodities is a further part of this plan which can purchase the surplus of a crop which is considered so large that it threatens to lower prices beyond a point considered justifiable and transfer it to the relief authorities.

The Farm Security Administration (FSA) was created by the New Deal for the "conservation of human resources on the land." Under the Bankhead-Jones Farm Tenant Act it lends money to farm tenants to help them buy farms of their own. (About 42 per cent of American farmers are merely tenants on their farms!) The FSA also lends money to needy families and gives special attention to soil-conservation practices in drawing up loan contracts. Today one out of every ten American farm families is cooperating with the FSA through its rural rehabilitation loans.<sup>1</sup>

As a result of surveys made in 1933 and 1934, showing that only one farm out of ten was electrified, the Rural Electrification Administration (REA) was created for these announced purposes: "to take electricity to the farm: to have it used there in quantities sufficient to lighten farm labor materially, and to enable the farm family to have the physical comforts and cultural advantages which electric power can bring." This administration is authorized to make loans to finance the construction and operation of electric distributing systems and generating plants and also to individuals for wiring homes and barns and installing electrical and plumbing appliances.<sup>2</sup>

Under the Roosevelt Administration, numerous acts of Congress and executive orders have been made to promote conservation and restoration of physical resources. Only a few of them are here mentioned; <sup>3</sup> others are treated in other chapters.

Numerous trade associations have developed to help the farmer secure a better system of marketing, though the farmer's dependence

<sup>1</sup> "Conservation Queries," *Consumer's Guide*, Government Printing Office, Vol VI, No 16, May 15, 1940, p. 14.

<sup>2</sup> Willard L. Thorp, ed., *Economic Problems in a Changing World*, Farrar & Rinehart, Inc., New York, 1939, pp. 163-164.

<sup>3</sup> Civilian Conservation Corps (CCC), which includes prevention of flood and soil erosion, Tennessee Valley Authority (TVA), including an elaborate program of soil control and conservation, a maximum amount of flood control, reforestation, and generation of electric power; Soil Conservation Service (SCS), including technical guidance and loans of machinery and funds to farmers to carry through conservation programs.

on a bank or merchant financing him has sometimes made these associations ineffective. By 1931, 20,697 associations had developed for the collective marketing of farm products. Of these, 12,455 were operative at the close of 1931 and 8242 had ceased to exist.<sup>1</sup> The development of a competent system of agricultural financing and marketing would greatly improve the farm situation. Solution of the economic problems of the farm would of itself overcome many of the undesirable features of rural life.

**Social Organization.** Isolation of the American farm has been a basic factor in driving its people to the towns and cities. Isolation has resulted in a comparative lack of social organization and social recreation for the rural dweller, and farm life has been notable for its loneliness. Advances in transportation and communication are doing much to overcome the isolation of the rural community through the use of such innovations as the automobile and hard roads, the radio, the telephone, and the rural free delivery service.

**Living Conditions.** The discomforts and actual hardships which the lack of living comforts and modern conveniences has inflicted on rural dwellers have been highly instrumental in driving them to the cities. The lack of running water and sewerage systems, the absence of electric lighting and proper cooking and heating facilities have burdened the life of the country housewife. The farmer, too, has a harder time than the city worker, though returns for his work are not usually commensurable with the hardness of the work and the long hours involved.

Many improvements are now available to the farmer, and those who can afford them can have most of the city comforts in rural homes. Water systems for individual homes, sewerage systems and modern plumbing, electrical systems and bottled gas have been sold to tens of thousands of farmers.

The concentration of large populations in the city, its complexity and rapid social changes produce many forms of maladjustments, many of which tend to be characteristic only of urban areas. The National Resources Committee report on urbanism lists the serious problems associated with cities, several of which are summarized here <sup>2</sup>:

<sup>1</sup> *Statistics of Farmers' Selling and Buying Associations, United States, 1863-1931* (Bulletin No. 9. Federal Farm Board, Washington, 1932), p. 3

<sup>2</sup> National Resources Committee *Our Cities Their Role in the National Economy*, pp. viii-x, 55-64.

While poverty, which is found in cities in both good and bad times, is also characteristic of rural areas, the greatest inequalities of wealth and income exist in the city. Extreme wealth and poverty exist side by side. "Widespread poverty, cyclical unemployment, and insecurity threaten purchasing power, and without continuous mass purchasing power our urban industry and mass production economy cannot continue to function properly."<sup>1</sup>

The city is most immediately and drastically affected by economic cycles and periods of depression. The whole economic organization of the city is curtailed and city workers lose the jobs on which their very subsistence depends. Oftentimes they have no reserves to fall back on in case of unemployment. Even the limited food supply which helps the farmer in his bad times is out of reach of the urbanite deprived of a job.<sup>2</sup>

Lack of a systematic arrangement of industries within the urban community has brought an important economic problem. The location of an industry in a particular location is frequently based upon the prospect of immediate opportunities, or the concessions made by the locality to attract the enterprise regardless of its effect on the local industrial structure. "Under such unbalanced conditions, it is impossible to achieve a maximum employment for the available labor supply and a minimum of seasonal and cyclical fluctuations. . . . Instead the results may be migrant labor, increased unemployment load, lower wages, shrunken purchasing power, loss of business . . .," and so on.<sup>3</sup>

The rapid growth of American cities has resulted in the rapid obsolescence of their physical plans and plants. Villages rapidly developed into towns, towns into cities, and cities into metropolitan centers. Small homes, shops, and inns were replaced with ever-growing apartment houses, hotels, office buildings, and huge skyscrapers. Other cities have become "deserted villages." Thus deterioration grew hand in hand with the rapid growth of America, leaving its traces in the form of slums and blighted neighborhoods.<sup>4</sup>

Excessive and uncontrolled subdivision and speculative practices have accompanied the mushroomlike growth of cities, permitting "the most fantastic real-estate booms which have meant dramatic profits to a few, but tragic personal losses to others and burdensome

<sup>1</sup> *Ibid.*, p viii

<sup>2</sup> *Ibid.*, p 55.

<sup>3</sup> *Ibid.*, p viii.

<sup>4</sup> *Ibid.* p viii.

delinquent properties to the community; and this on a scale affecting the economic situation of the entire nation.”<sup>1</sup>

Urban housing is one of the most pressing problems facing the nation at the present time. Individuals are packed into limited areas of space, so that the need for sanitation facilities is increased. There is little opportunity for adequate light and fresh air, and the nearness of factories to the homes makes for unhealthy living conditions. So far, little provision has been made to supply adequate housing at a cost within the reach of the majority of individual workers. Industry has attracted large numbers into the city and has not provided sufficient wages for good housing; on the contrary, it has forced up rentals on those that are available.

Many factors menace the health of those who live in the city, particularly among the low-income groups. “Morbidity and mortality rates in infants’ diseases and tuberculosis are higher here than elsewhere, in spite of an admirable development of urban public health services.”<sup>2</sup> Public health departments must keep constant vigil for evidences of contagious diseases to prevent epidemics. Smoke, dust, and gases from factories and power plants must be curtailed. Protection and examination of the water, milk, and food supplies must be maintained at all times. Another serious health problem of urban areas is malnutrition among the low-income groups.

The tensions of urban existence and the strain resulting from overwork, worry, and anxiety in the course of making a living give rise to serious problems of mental hygiene. This is shown in the records of the number of suicides, insanity cases, and nervous breakdowns constantly occurring in urban areas.

Despite the availability of free primary and secondary education in urban areas, many young people cannot take advantage of opportunities for higher education but must leave school to go to work in order to supplement the family income.

Certain types of crime have been found to be more common in urban centers than in rural areas, particularly juvenile delinquency, organized crime, and commercial rackets. “The remedying of the failure to provide outlets for juvenile energy and the combating of

<sup>1</sup> National Resources Committee: *Our Cities Their Role in the National Economy*, p ix

<sup>2</sup> *Ibid.*, p. ix.

delinquency are among the primary problems the city will have to face and solve in the future."<sup>1</sup>

Though there have been spectacular advances in municipal government, and expert skills and knowledge have developed among municipal career officials, some cities are still faced with "systematic evasions of civil service laws, irresponsible political leadership, and official tolerance of discriminatory or questionable administrative practices."<sup>2</sup>

Many problems in addition to those mentioned above are to be found in rural and urban communities: family disorganization, community disorganization, homelessness and excessive transiency, accidents, competing forms of transportation and multiplicity of transportation terminals, to mention only a few. Several of the problems mentioned here, as well as additional problems, are more fully discussed in other portions of this work.

### THE METROPOLITAN AREA

One of the most significant aspects of urbanization at the present time is the growth of metropolitan districts, "an area within which the conditions of manufacturing, trade, transportation, labor, and living, in brief, the daily economic and social life, are predominantly influenced by the central city."<sup>3</sup> Using these criteria, the United States census recognized 96 metropolitan districts, each having an aggregate population of 100,000 or over, in 1930. In this same year these 96 metropolitan centers contained nearly 45 per cent of the total population of the nation and 68 per cent of its urban inhabitants; yet they covered only 1.2 per cent of the country's land area! Census figures from the year 1900 show that the rate of population increase in the counties surrounding these large cities has been greater than that of the cities themselves,<sup>4</sup> and that this rate of increase is gathering momentum. During the decade from 1920 to 1930, all the metropolitan districts of 300,000 population or more,

<sup>1</sup> *Ibid.*, p. 58.

<sup>2</sup> *Ibid.*, p. ix.

<sup>3</sup> *Metropolitan Areas*, U. S. Bureau of the Census, 1932, p. 5. The metropolitan district has been defined to "include, in addition to the central city or cities, all adjacent and contiguous civil divisions having a density of not less than 150 inhabitants per square mile, and also, as a rule, those civil divisions of less density that are *directly* contiguous to the central cities or are entirely or nearly surrounded by minor civil divisions that have the required density." Pp. 5-6.

<sup>4</sup> National Resources Committee, *Our Cities: Their Role in the National Economy*, p. 2.



with the exception of Louisville, Kentucky, showed a greater increase in the suburban area than in the central city. The 85 metropolitan districts with less than 1 million in population showed that the suburban area increased twice as much as the central city. The suburban areas within the metropolitan districts of 1 million population or over showed remarkable growth: within the Metropolitan District of Detroit, an increase in population twice as fast as in Detroit; similarly in the San Francisco-Oakland district; 3 times as fast in the Chicago and Pittsburgh districts and in the New York-New England-New Jersey district; 6 times as fast in the Philadelphia district; more than 10 times as fast in the St. Louis district; and almost 11 times as fast in the Cleveland district.<sup>1</sup>

The census figures of 1940 show a growing continuation of this shift within the urban regions from the central cities to the suburban areas and satellite communities. For instance, the population of cities of over 250,000 increased by only 3.4 per cent, while the counties surrounding the cities grew by 17 per cent, or 5 times as fast.<sup>2</sup>

Why is the suburban area surrounding the great city growing faster than the city itself? Briefly, the factors which have emphasized the trend away from the large city include the following:

**The Automobile.** The suburbs, though they generally grew up along the railroads, reached their peak growth with the widespread use of the automobile. This "automobile economy" has brought new, improved types of roads, along which homes have sprung up seemingly overnight. The paved highway has also made possible the widespread use of the truck, enabling light industries to move out from the city to lower cost areas from which they can truck their products to ships and railroads. This may be illustrated by the growth of Chicago as indicated in Figure 9.

**Electricity.** The dispersive effect of electricity has already been shown in this chapter. Modern communication facilities, the telephone, the radio, and the telegraph enable industries to take advantage of the lower costs of suburban location and still carry on efficient relations with the city. These forces are likewise instrumental in bringing many people to the suburban areas.

<sup>1</sup> American Society of Planning Officials, *Planning for the Future of American Cities*, Chicago, 1935, p. 4

<sup>2</sup> Ogburn, *op. cit.*, p. 23.

The areas surrounding the metropolis (the central city) provide many of the advantages of big city life, such as the moving picture theater and the chain store, without its objectionable features. They eliminate many of the apparent hazards of crowded city life: the waste of time, energy, and health, the lack of parks and recreational

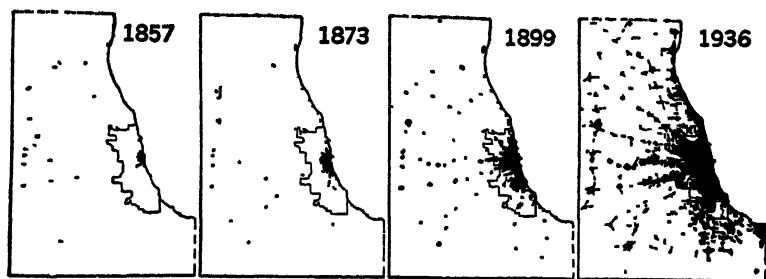


FIG. 9. GROWTH OF CHICAGO ALONG RAPID TRANSPORTATION LINES

Reprinted from Federal Housing Administration, "City Growth and Mortgage Risk,"  
*Insured Mortgage Portfolio*, January, 1937, p. 5.

areas. The suburban residents, who predominantly continue to make their living in the city, often have fled to the suburbs to escape urban taxation, provide better schools for their children, and share the advantages of greater civic services and participation in the control of their community affairs. This has produced a corresponding loss to the central city.

### PROSPECTS OF URBAN LIFE

An understanding of the major factors affecting our cities today and the changes that may result from them will reveal a growing need for city and regional planning. Recent trends in the growth and distribution of population and manufacturing industries have brought about many changes in the relationship between population and physical environment. City and regional planning aims to study these changes and their accompanying problems, as well as the numerous other problems found in urban areas, in order to determine the needs of the city and its environs and to integrate and direct their component parts into an orderly pattern. In a later chapter the major aspects of planning will be discussed.

The future of our cities depends largely upon the plans made to meet the needs of a changing social order. The National Resources

Committee report on urbanism includes the following predictions on the trends and the future of the American city: <sup>1</sup>

Looking into the future, the Committee does not anticipate the decline of urban population or the wholesale dispersion of great centers of population. Provided the urban community possesses a fundamentally sound economic base and has a site whose disadvantages are not too costly to overcome, the Committee is of the opinion that the realistic answer to the question of a desirable urban environment lies not in wholesale dispersion but in the judicious reshaping of the urban community and region by systematic development and redevelopment in accordance with forward looking and intelligent plans.

Urban planning is, of course, set in a framework of county and state governmental arrangement and is closely tied up with the social programs and policies of the nation. The city may contribute the improvement and development of its own physical structure and to some extent of its political-economic structure and process. But the city cannot of itself solve the great national problems of contemporary industrial organization in a political democracy. The settlement of these larger questions requires the friendly cooperation of city and country alike, of national, state and local governments, and of many other non-governmental associations as well.

The prosperity and happiness of the teeming millions who dwell in the cities are closely bound up with that of America, for if the city fails, America fails. The nation cannot flourish without its urban industrial centers or without the countryside, or without a sound balance between them. City planning, county planning, rural planning, state planning, and regional planning must be lined together in the higher strategy of American national planning and policy to the end that our national and local resources may best be conserved and developed for our human use.

#### TERMS TO BE UNDERSTOOD

city	slum	heterogeneity
rural	metropolitan areas	stereotypes
density	city planning	primary group
social mobility	urban	secondary contact
	concentric zones	

#### QUESTIONS FOR DISCUSSION

1. Why did cities grow at a slower rate during 1930-1940 than in any previous decade?
2. Is there a trend to move to suburbs? Why? How could it be retarded or stimulated?
3. What are the chief differences between urban and rural life?
4. Compare urban development before and after the Industrial Revolution; farm development before and after the Agricultural Revolution.

<sup>1</sup> National Resources Committee, *Our Cities: Their Role in the National Economy*, p. xiii.

5. Discuss the effects of steam upon cities. Discuss the effects of electricity upon cities
6. Discuss factors contributing to the present-day farm problem. What recent legislative measures have been undertaken to relieve the problems?
7. If political boundaries do not adequately define cities, what will substitute as a measurement for cities?

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## CHAPTER V

### HOUSING

**The Nature of the Housing Problem.** It seems reasonable to expect that a nation as rich as the United States would be able to furnish each of its citizens with a decent, healthful place in which to live. We produce 70 per cent of the world's total automobile supply and about 50 per cent of the world's total telephones. We have immense quantities of raw materials and the world's greatest technological improvements. And yet we have an appalling shortage of houses. The average American workman is too frequently unable to purchase adequate shelter, getting far less for his money in the way of housing than in any other kind of essential purchase. Authorities have estimated that from one-fourth to one-third of our housing is unfit for habitation, existing as a hazard to health and social well-being.

#### EXTENT OF HOUSING SHORTAGE

Rural housing comprises about two-fifths of our housing and is well known for its lack of modern sanitation and conveniences. At least 80 per cent of our farmhouses are shown to be substandard by the *Farm Housing Survey* made in 1934. At present there are no survey data available for nonfarm rural homes, but they probably rank somewhere between farm and urban housing.<sup>1</sup>

*The Report on Urban Housing*, published in 1939, showed that of eight million American homes in 203 urban communities, 60 per cent were definitely substandard. More than half of the housing structures were built before 1915, one-fourth of them before 1895. About four-fifths of the structures were made of wood.<sup>2</sup> Conditions of these urban homes appear to be as follows:

<sup>1</sup> Edith Elmer Wood, "That 'One Third of a Nation,'" *Survey Graphic*, XXIX, 2, Feb., 1940, pp 83-84

<sup>2</sup> Works Progress Administration, *Report on Urban Housing*, U. S. Government Printing Office, Washington, D. C., 1939.

TABLE XI<sup>1</sup>

<i>Conditions</i>	<i>Per Cent</i>
Good . . . . .	39 0
Needing minor repairs . . . . .	44 8
Bad . . . . .	16 2
Dwelling units without gas or electric lighting . . . . .	4 4
Lacking a private indoor flush . . . . .	14.6
Lacking a bathtub or shower . . . . .	19 9
Occupied dwellings crowded or overcrowded* . . . . .	17.4

\* "Crowded" implies more adult occupants than rooms, "overcrowded," more than twice as many

Typical of the nation-wide need for housing, especially for the lower-income groups, is the housing plight of Chicago. The Metropolitan Housing Council points out that 15 per cent of the 830,000 families in Chicago dwell in houses where the stairs and porches are unsafe, and that from 10 to 15 per cent of the buildings used for housing are unfit for human habitation.<sup>2</sup> On the basis of sampling 38,501 households in 1936, the National Health Survey estimated that 14.9 per cent of all Chicago white families earning less than \$1000 a year were living in units containing more than 1.5 persons per room. Twenty-five per cent of all Negro families, of all incomes, were living in units containing more than 1.5 persons per room.<sup>3</sup>

**Overcrowding.** A survey of 190 cities from 1934 to 1936 shows virtually the same data. (See Fig. 10.) The National Health Survey in 1935-1936, covering 83 typical cities, estimated that 3 million urban families in the United States have more than one person per room; one million families live in dwellings with more than one and one-half times as many persons as there are rooms, and 700,000 families live in dwellings with at least twice as many persons as there are rooms. Further breakdown shows that about one out of every 14 families with an annual income of \$2000 or over is found in a house with more than one person per room. Similar overcrowded conditions are found in every sixth household among families with incomes of less than \$1000 a year, and in every third household of families on relief. Every tenth family on relief reported at least twice as many persons under the family roof as there are

<sup>1</sup> Edith Elmer Wood, *op cit.*, pp 83-84

<sup>2</sup> D. E. Mackelman, Director, Metropolitan Housing Council, Chicago.

<sup>3</sup> Chicago Housing Authority Pamphlet, Chicago, Jan. 1, 1940, p 7.

rooms in the house. About one out of every 8 households had no inside flush toilet, or, if such facility was available, it was used jointly with other families.<sup>1</sup>

**UNFIT FOR USE OR IN NEED OF MAJOR REPAIRS**



**WITHOUT PRIVATE BATH**



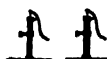
**WITHOUT PRIVATE INDOOR FLUSH TOILET**



**WITHOUT GAS OR ELECTRIC LIGHT**



**WITHOUT RUNNING WATER**



Each complete symbol represents 2% of total dwelling units

Sources: "Urban Housing", 1938, Works Progress Administration;  
"Real Property Inventory", Dept. of Commerce, 1934.

FIG. 10. URBAN HOUSING CONDITIONS AND FACILITIES

**Housing Construction.** Statistics, showing residential construction by income groups, indicate the shortage of housing units built in the United States, especially for the families in the income group under \$1000 (Fig. 11). This insufficiency of new dwelling units is largely the cause for serious overcrowding, and indicates either that the rents asked for vacant dwellings are too high for low-income families to pay, or that most of the vacancies are so substandard that those families who can afford them prefer to double up in spite of overcrowding and loss of privacy. Thus, those families which can afford a rent of \$20 a month or less (usually the dividing line between standard and substandard housing) are the ones most severely affected by the housing shortage.

<sup>1</sup> Rollo H. Britten, *Overcrowding and Sanitation*, U. S. Department of Labor, Labor Information Bulletin, Washington, D. C., June, 1938, p. 1.

The United States Bureau of Labor Statistics and the Illinois Department of Labor report that 18,221 dwelling units were demolished in Chicago from 1930 to 1938, but that only 7619 were constructed, leaving a deficit of 10,602. Considering the estimated increase of 60,517 families during this 8-year period, together with deterioration of existing housing facilities, we find that a shortage of housing for approximately 70,000 families exists. The Illinois State Housing Board reported a shortage of 60,799 houses in

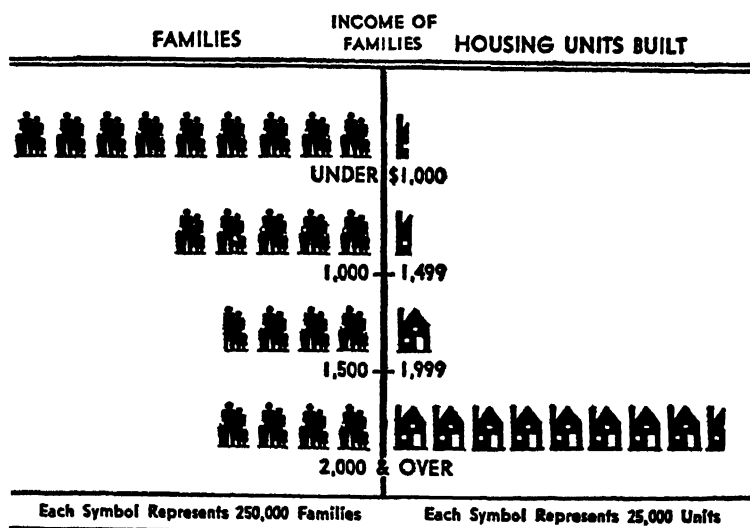


FIG. 11. RESIDENTIAL CONSTRUCTION FOR FAMILIES IN THE UNITED STATES, BY INCOME GROUPS

From U. S. Public Health Service, *Health Survey*, 1935-1936; and U. S. Bureau of Labor Statistics, *Building Permit Survey*, 1929-1935.

Chicago for 1934-1935, with 8983 unfit houses, yet only 7731 houses had been built to meet this shortage. The great majority of dwelling units demolished during this period were so old or deteriorated that they were fit only for demolition. Though generally these were the lowest rent dwellings, the new dwellings erected in the 1929-1938 period were, with few exceptions, outside the financial reach of the low-rent market. In broad terms, almost 100 per cent of the dwelling units demolished in the 10-year period from 1929 to 1938 were low-rent units, yet fewer than one-third of all new dwelling units constructed were available to the low-rent market. Concerning this low-rent market, the United States Bureau of Labor



Statistics found that 32.1 per cent of all families in Chicago had annual incomes of less than \$1000. In other words, 32.1 per cent of all the families in Chicago could afford a rent of \$20 a month or less.<sup>1</sup>

To shelter this group, according to census data, Chicago had 159,744 dwelling units renting for less than \$20 a month. In addition to this number there were 20,436 dwelling units occupied

## SUPPLY & DEMAND

THE RECORD, 1930-1938

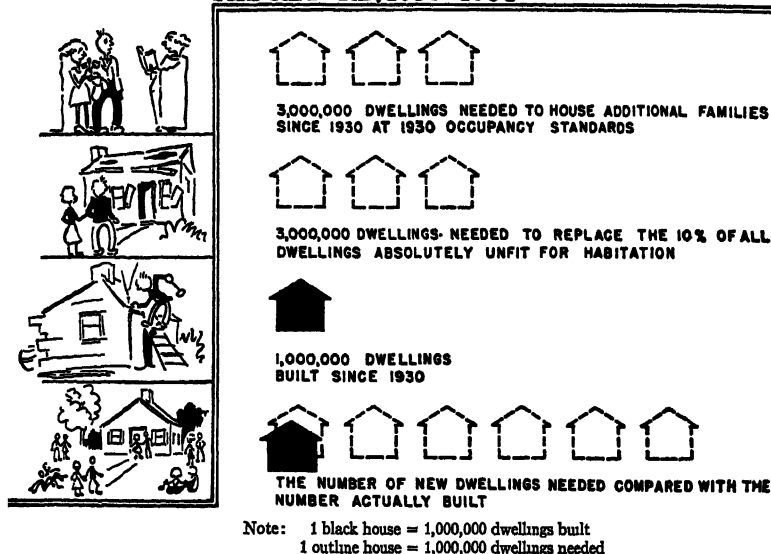


FIG. 12

From U. S. Housing Authority, *What the Housing Act Can Do for Your City*, Washington, D. C., 1938, p. 9

by Negroes paying a rental of from \$20 to \$30. Investigations have shown that a great proportion of all Negro housing is substandard, including the worst in the city. Thus, in this period there were 180,180 substandard dwelling units to house 32.1 per cent of the families in Chicago.<sup>2</sup>

Dr. Isadore Lubin, Commissioner of Labor Statistics in the United States Department of Labor, has shown the minimum housing need to be, in substance, as follows:

<sup>1</sup> *Chicago Housing Authority*, Chicago, Jan. 1, 1940, pp. 7-8

<sup>2</sup> *Ibid.*

In the United States today, there are 4,000,000 houses unfit for human habitation or in need of major repairs. Each year for the next 20 years, 200,000 of these should be replaced with new dwellings. Moreover, each year for the next 10 years, there will be 280,000 new families in need of homes, owing to the natural growth of population. In addition, another 45,000 homes will be needed annually to replace these destroyed each year.<sup>1</sup>

Adding these housing needs together, Lubin arrives at the conclusion that minimum housing standards require the building of at least 525,000 new dwellings a year for the next ten years.<sup>2</sup>

### SOCIAL AND ECONOMIC EFFECTS OF POOR HOUSING

The low-income groups and those who are subject to racial discrimination obviously suffer the greatest hardships, hazards, and discomforts of poor housing. The indirect effects of the housing problem, which are equally important, are borne not only by those who must live in the unfit houses, but by the whole community.

**Health.** The shortage of housing facilities takes its toll from the physical and social well-being of the nation as well as from its economic life. Areas of bad housing generally coincide with areas having high death and sickness rates, especially for those diseases spread by contact.<sup>3</sup> Public health studies have shown that poor housing is a factor in the high rate of tuberculosis, pneumonia, and infant mortality. Other conditions, however, such as poverty, absence of medical care, and hereditary defectiveness generally go hand in hand with poor housing so that housing alone cannot be charged with full responsibility for the high incidence of disease and mortality.<sup>4</sup>

**Crime and Delinquency.** Accompanying overcrowding in slum areas are other social evils, for overcrowding may be as injurious to morals as it is to health. It is difficult to observe common decencies in an overcrowded tenement flat which lacks adequate sleeping and toilet facilities. Lack of play space in and about the crowded home drives the children onto streets where saloons, poolrooms, and disreputable "hangouts" are usually the only relief for dirty, squalid

<sup>1</sup> Isadore Lubin, "Housing," *Pathfinder*, Nov 18, 1939, pp. 19, 20.

<sup>2</sup> U S Housing Authority, *What the Housing Act Can Do for Your City*, Washington, D C., 1938, p. 9.

<sup>3</sup> See National Resources Committee, *Urban Planning and Land Policies*, Washington, D. C., 1939, pp. 201-205, for a statement of the extent to which housing is causally related to health and conduct

<sup>4</sup> Edith Elmer Wood, *op cit.*, p. 84.

dwellings, factories, and junkyards. Large, unrestrained play groups spring up in which neighborhood children are early introduced to vice and crime, and though most slum children do not become criminals, recent studies have repeatedly shown that the areas of high delinquency rates are almost always the areas of bad housing. In one Chicago slum area, one out of every four boys between the ages of ten and seventeen was brought to the juvenile court in one year. Statistics of other cities show similar excessive rates of delinquency in the slum areas

TABLE XII<sup>1</sup>

<i>City</i>	<i>Per Cent of City Area</i>	<i>Per Cent of Juvenile Population</i>	<i>Per Cent of Juvenile Delinquency</i>
Philadelphia . . .	9.4	25 1	46
Richmond . . .	18.8	31.0	50
Birmingham . . .	12.1	12 2	25
Denver . . .	5.7	11 0	25
Seattle . . .	6.3	11 2	25

**Social Services.** From an economic point of view areas of poor housing are extremely expensive to maintain. The cost per capita of providing hospitals and clinics necessitated by disease; of providing social workers, police, courts, reformatories, and jails necessitated by excess delinquency and crime; and of providing other services, such as settlement houses, fire protection, and garbage collection, is much higher than for other sections. At the same time, tax revenues from these slum areas are disproportionately low. The direct and indirect costs of maintaining slum areas could well be used for the improvement of housing with all its subsequent benefits.

**Employment in Industry.** From the standpoint of the nation's business and industrial life, the lag in housing is especially serious. In spite of the pressing need for more and better housing, no effective economic demand has been established. The industries supplying housing materials together with professional and occupational groups, such as architects, engineers, and building-trades workers, have until recently been at a virtual standstill for nearly a decade. For example, in 1938, 70 per cent of New York City's

<sup>1</sup> United States Housing Authority, *Leaflet 16* — 11641, Washington, D. C.

200,000 building workers were unemployed or on work relief, while throughout the United States 30 per cent of the building workers were unemployed.<sup>1</sup>

Economists generally agree that a boom in housing, more than any other one thing, would alleviate the problem of mass unemployment through large-scale building construction. The records of the construction industry's boom years — the 1920's — support this opinion. Approximately 700,000 nonfarm dwelling units were constructed during that decade by an average of 1,800,000 construction workers. In 1929 the construction industry was the country's largest single employer of labor, using about 5½ per cent of the nation's gainfully employed nonagricultural workers. During this period about 15 per cent of the nation's commodities were consumed by the construction industry, together with those industries that made the materials which it used.<sup>2</sup>

Dr. Lubin, in an address before the TNEC in June, 1939, described the boost to the national economy which would result from an increase in housing. He estimated that, if only 100,000 additional single-family dwellings costing \$3000 each were constructed in the next year, 82,000 men would gain employment on the site for a whole year and that a full year's employment for an additional 122,000 men would be created by the production of the materials that would go into building these 100,000 units. Since Dr. Lubin has estimated that at least 525,000 new dwellings a year for the next ten years is required to fill the minimum housing needs, it is apparent that the tremendous economic activity resulting from the supply of adequate housing for the people of this country would spur the national recovery more than would any other single factor.<sup>3</sup>

Though the undesirable social conditions mentioned above are directly correlated with areas of poor housing, there is not yet sufficient evidence to show that these social consequences can be attributed to bad housing alone. Housing may be a direct factor, or it may merely reflect other more fundamental conditions.

#### DEFINITIONS OF THE HOUSING PROBLEM

Before any particular aspect is considered, the nature of the housing problem should be clarified, for in spite of wide publicity in the last few years by both private and governmental agencies, there is

<sup>1</sup> Louis Wirth, *op. cit.*, p. 37.

<sup>2</sup> Isadore Lubin, *op. cit.*, pp. 3-4.

<sup>3</sup> *Ibid.*

still much confusion about the problem, even to the extent where some may wonder whether a housing problem exists at all. Certainly a comparison between the crude caves, huts, camps, and unsanitary towns and cities in which our forefathers lived, and the shelters in which we live today would show contemporary housing superior in many respects to anything ever had before. We may well ask why our ancestors regarded housing as a matter of indifference. Was it less of a problem then, or are we insisting too strongly on the evils of bad housing?

Both attitudes can be explained. To our ancestors housing was not regarded as a serious social problem because the indirect effects of poor housing, such as disease, safety, delinquency, and welfare were little felt and understood. The physical aspect of housing was looked upon as less of a problem because the absence of necessary material resources and methods of improvement caused people to expect very little. Today, however, with the dissemination of technical information, education, and advertising, and the acceptance of cultural and political doctrines outlining the rights which men may expect, situations which would not have been regarded as problems by our ancestors become problems to us. So it is that today we expect certain minimum standards of housing. Failure to reach these standards constitutes the social problem *housing*.<sup>1</sup>

Interpretations of housing usually vary with the special interest of each group dealing with the problem. To many people the term "housing" means only the building of clean, sanitary dwellings for the low-income group; to others it means a slum-clearance program or the difficulty of procuring suitable shelter within the low-income range. Still others relate the housing problem to such undesirable conditions as overcrowding, lack of play space, privacy, transportation, and modern conveniences.

Especially among those engaged in the business of housing are definitions colored by the extent to which each one is directly involved. To the real-estate man, for example, housing means availability, rentals, property values, mortgages, land costs. The architect, engineer, builder, or manufacturer of building supplies regards housing in relation to the services or materials which he furnishes.

<sup>1</sup> Louis Wirth, ed., *Contemporary Social Problems*, University of Chicago Press, Chicago, 1939, pp 25-26.

These physical aspects, however, are only one side of the housing problem. The social factors are equally important; and there, too, stress is placed on different aspects in accordance with the person treating it. The political scientist, for example, may emphasize legal factors, taxation, zoning, or planning; the economist will bear upon the relationship between the supply and demand for housing; while the sociologist more likely stresses such factors as population growth and movements, family disorganization, delinquency, and recreation.<sup>1</sup>

The problem of housing, however, is far too complex for any single definition. It involves both physical and social factors which are interrelated. The layman and the various experts must understand these interrelationships if they are to plan, produce, finance, and maintain proper dwelling places that will meet the needs of the men, women, and children who compose the community. This is the purpose of studying housing.

**Minimum Housing Standards.** It is generally agreed that factors which qualify a dwelling unit as unfit or substandard are the absence of sanitary facilities, unsafe or extremely obsolete condition of the structure, overcrowding, and the presence of extra families. Some kind of minimum housing standard has been established by practically every community, and all agencies who undertake to construct a building must comply with codes and laws of a restrictive nature. These codes usually control the use of building materials, and provide for safety, light, air, and sanitation in structures of all kinds.<sup>2</sup>

Though heretofore legislation has not fully recognized the importance of social factors, the USHA, the FHA, and other public and private agencies have established standards for light and air, room sizes, facilities for sanitation, occupancy, and community requirements. In the United States Housing Act of 1937 Congress outlined the principle of minimum standards, establishing those requirements which represent a minimum of decent, safe, and sanitary housing. Especially significant is the emphasis on such social factors as the community and environment, the inclusion of recreational facilities, and easy accessibility of schools, parks, and playgrounds.<sup>3</sup>

<sup>1</sup> *Ibid.*, pp 24-25.

<sup>2</sup> Ira S. Robbins, "The Law and the Builders," *Survey Graphic*, Feb., 1940, pp. 98-99.

<sup>3</sup> Catherine Bauer and Jacob Crane, "What Every Family Should Have," *Survey Graphic*, Feb., 1940, pp 64-65.

Although even the housing experts will disagree on the particulars for a minimum standard of housing, there is a general agreement on many points, particularly where the maintenance of physical health is concerned. Briefly, standards to be considered in housing, whether public or private, include the following:

1. The house should be planned and built to serve the needs of the income group that is to occupy it. This can be determined by the neighborhood and its inhabitants and by the type and cost of construction. The project should be constructed of solid, fire-resistant, and structurally safe materials, and should be placed in a stable residential neighborhood which conforms with the official city or county plan.<sup>1</sup>

2. Room sizes should be adequate to maintain physical health. Windows should have direct outside exposure; there should be cross ventilation, electric lights, hot and cold running water, kitchen equipment, adequate heating for the climate, conveniences for household work, and a bathtub and toilet in each dwelling unit.<sup>2</sup>

3. Considerations of mental health and family relationships are of equal importance to the community as to the family. Living rooms should not be used for sleeping unless privacy is provided. Adequate space for privacy should be provided since the inability to secure it may be as demoralizing to the family as are unsanitary conditions. The standard recommended by housing experts is one room per person with not more than two persons occupying a sleeping room. These persons should be of the same sex, except for married couples and young children.<sup>3</sup>

4. There should be ample play space off the crowded streets with playgrounds within a half mile or so of the project. The neighborhood should be socially wholesome, with adequate recreational facilities for both children and adults.<sup>4</sup>

5. There should be opportunities for normal community life, with easy access to such institutions and facilities as schools, churches, libraries, shopping centers, entertainment, and medical services.<sup>5</sup>

The conditions which constitute the housing problem will vary from time to time and place to place and will, of course, call for varying modes of treatment. Such factors as geography, climate,

<sup>1</sup> Catherine Bauer and Jacob Crane, "What Every Family Should Have," *Survey Graphic*, Feb., 1940, p. 65.

<sup>2</sup> *Ibid*, p. 65.

<sup>3</sup> *Ibid*., p. 136.

<sup>4</sup> *Ibid*., p. 65.

<sup>5</sup> *Ibid*., p. 65.

standards of living, occupations, economic and social organization will, in part, mold the housing requirements necessary for health and well-being. It should be remembered that acceptable housing standards will keep on changing as methods of construction and the needs and expectations of the community change.

### FACTORS CONTRIBUTING TO THE HOUSING PROBLEM

Low income is a basic factor in producing housing problems. High costs of land and construction, and sundry legal technicalities have forced private builders to cater to the higher-income groups in

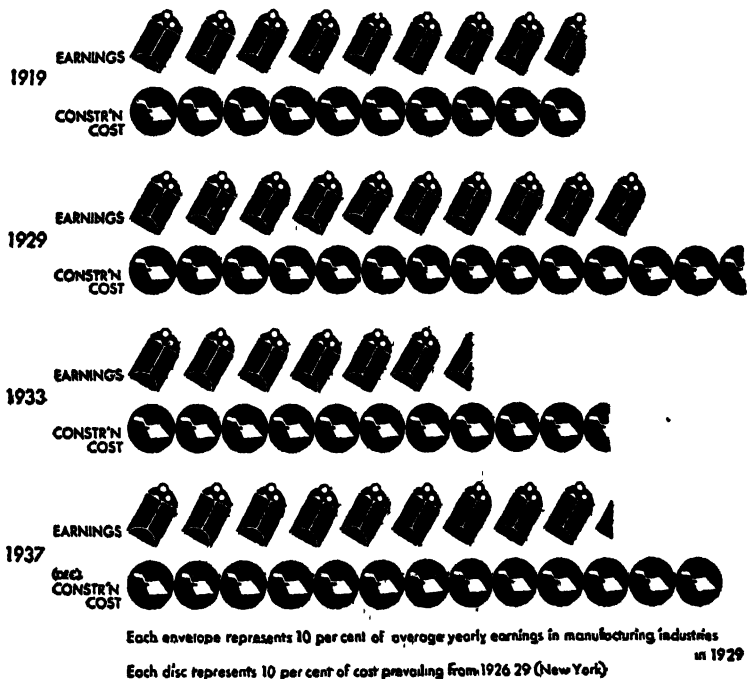


FIG. 13. WORKERS' EARNINGS AND COST OF CONSTRUCTION

From Miles L. Colean, *Can America Build Houses*, Public Affairs Pamphlet, No. 19, New York, 1940, p. 23.

order to realize the greatest returns from their investments. In urban areas the low incomes of many workers keep them from owning their own homes, with the result that those who can least afford it are left to the exploitation of vested interest groups. A survey made in New York from 1919 to 1937 illustrates this wide breach



between workers' earnings and the cost of residential construction. (See Fig. 13.) Nor are housing problems confined to urban areas, since rural dwellers are often as badly housed as those who live in cities. Housing in urban areas, however, is made more difficult because of extremely high, often inflated, land prices, land speculation, complex financial arrangements, and the character and financial status of the people. Other factors which contribute to the housing problem are inadequate transportation facilities, poor planning and constructing of buildings, selfishness and shortsightedness of landlords and building industries, ignorance and carelessness of tenants, defective sanitation, lax law enforcements, and public indifference.<sup>1</sup> Some of the conditions most directly connected with the housing problem should be considered.

**Urbanization.** The phenomenal growth and development of American cities during the nineteenth century was largely instrumental in the emergence of the housing problem. The unprecedented demand for housing led to the development of highly speculative practices, which in turn were partly responsible for cheap, careless construction ("jerry building"). To facilitate the marketing of small lots (highly profitable from a speculative point of view), the city was divided into small areas from which the gridiron pattern of most American cities developed. The aim of this plan, the promotion of speculation, was successful; the evils that resulted were numerous:

1. Speculation, by distorting land prices, resulted in the
2. Building of houses in socially undesirable areas if prospects of a speculative boom existed; and
3. Construction covering practically the entire lot, since increased costs made land too expensive to waste; and
4. Scattered ownership of land in small units has been a constant obstacle to neighborhood planning.

The movement of large masses of population from one area, generally the older, to a newer area of settlement, is characteristic of our urban life. Under such conditions there has been little incentive to own and properly maintain homes. The result has been that America has the greatest rate of housing and neighborhood disrepair of any part of the world.<sup>2</sup>

<sup>1</sup>H. E. Barnes, *Society in Transition*, Prentice-Hall, Inc., New York, 1940, p. 525.

<sup>2</sup>Louis Wirth, *op. cit.*, pp. 38-40.

Construction costs are so high that the production of suitable houses to be purchased or even rented at moderate prices has hitherto been virtually impossible. A few of the factors which have contributed to the high cost of housing may be noted here.

**High Labor Costs.** The building industry today is, for the most part, a chaotic, wastefully organized series of vested-interest groups, each one eager for its own gains. Compared to wages in other industries, construction wages are extremely high. The powerful A. F. of L. building-trade unions have pushed hourly wages to these high levels in order to compensate for the months of unemployment caused by the seasonal nature of construction work. The suggestion of President Roosevelt of a lower wage scale and more work days per year to guarantee a stable annual income has been disregarded.<sup>1</sup>

Archaic construction methods are not abandoned if their maintenance serves the interests of certain private enterprises or the local municipality. The result is that, in an age of laborsaving machinery and newly developed building materials, builders have almost invariably clung to antiquated methods, tools, and materials.<sup>2</sup>

**Financing.** Construction financing is another sore spot in building, with its excessive interest rates, premiums, service fees, insurance charges, and inspection fees. The unwarranted high cost of financial assistance eventually falls on the occupant and partially accounts for the shortage of low-cost flats and houses.<sup>3</sup>

**Small-Scale Operations.** Within the building industry there is a serious lack of integration, which operates to prevent high efficiency and low costs. One organization buys land, another manufactures the materials, another handles the finances, still another supervises construction, while each group works for separate profits. In addition to this waste in operation, the small contractor cannot save on material costs by buying in volume; he cannot afford expensive, laborsaving machinery; and he is unable to experiment with new methods or materials that might reduce building costs.<sup>4</sup>

**Price-Fixing.** The Department of Justice has found that price-fixing is a common practice in the building industry. Arbitrary

<sup>1</sup> Isadore Lubin, *op. cit.*, p. 21.

<sup>2</sup> Bernard J. Newman, "Factors in the Housing Problem," *Annals of the American Society of Political and Social Science*, Mar., 1937, p. 2.

<sup>3</sup> *Ibid*

<sup>4</sup> Lubin, *op. cit.*, p. 21.

"basing point" and "zone" price systems are set up by producers of building materials, often through their trade associations. Frequently, price-cutting competitors are either forced out of business or are made to revise their prices by boycotts imposed upon the manufacturers who provide raw materials to the price-cutters.<sup>1</sup>

**New Products.** The process of prefabrication, in which sections of a house are manufactured in a factory and put together on the building site by unskilled labor, would lower considerably the cost of construction. However, the use of prefabricated houses or other new methods of construction has frequently been refused by building-trade unions, who fear their own displacement.<sup>2</sup>

**Building Codes and Housing Ordinances.** The primary purpose of building codes is to provide the occupants with structurally safe buildings and protection from fire and disease, and to guard the owner's investment against the unending expense of the jerry-built home. Sometimes, they bar out-of-state materials in favor of certain (often prearranged) home-grown materials. Since each community writes its own codes, there is now much confusion resulting from the adoption of several sets of housing standards. Local ordinances are generally obsolete and make little or no provision for modern large-scale community planning and zoning, or modern structural, sanitary, and fire protective requirements. Inflexible codes usually lag behind technical progress and prevent the use of new materials or the discard of old ones which have become structurally unnecessary. Because of the weaknesses in our present codes, many people are advocating a complete change from the listing of specific building materials and procedures to a set of principles to serve as guides rather than restrictions.<sup>3</sup> A move toward the improvement of our physical housing standards is being made by research groups through the devising of a code based on simpler standards and the discarding of excessive factors of safety. Local housing ordinances, as a rule, are inadequately enforced and too often fail to cover standards of operation and overcrowding. Even the most obvious minimum standards of fire safety or sanitation frequently depend for enforcement upon the efficiency of an official rather than upon habitual policy.<sup>4</sup>

<sup>1</sup> Lubin, *op. cit.*, p. 21.

<sup>3</sup> Ira S. Robbins, *op. cit.*, p. 99.

<sup>2</sup> *Ibid.*

<sup>4</sup> Bauer and Crane, *op. cit.*, p. 138.

**Zoning Ordinances.** Out-of-date zoning ordinances usually accompany an obsolete building code, and changes in either are fought by those who profit from the status quo. Improper zoning generally results in the artificial inflation of property values. This is true of Chicago, which is overzoned for commercial and industrial property and underzoned for one-family dwellings, with the effect that large areas of blighted residential properties are held by owners who hope to sell them for commercial, industrial, or other high-income uses. These owners usually do not maintain their residential properties in decent condition; and, since they ask such high prices for the land, successful development by private or public funds for residential purposes becomes extremely difficult. Most important, areas which should not be used for housing because they are functionally unfit and not suitable to the desirable development of the whole community are being built upon or are even being rebuilt.

**Municipal Government.** The municipality contributes to the excessive cost of housing by levying high tax charges on real property, by "padding" government payrolls through the employment of inefficient workers for political reasons, or by favoring certain contractors for the purchase of supplies without competitive bidding. The tenant invariably pays in rent for these added costs.

**Government vs. Private Enterprise.** Building in this country has been mainly in the hands of private enterprise, which has considered housing as a commodity for profit. Until recently there has been no public competition, and the results have been high rents coupled with vast areas of slums with their overcrowding, poor sanitation, and hazards to health and safety. In view of the wide breach between the average family income and the cost of producing a family dwelling place, the builder or landlord naturally caters to the families with highest incomes. The middle group has a choice of the second-rate market, and the bottom third gets what is left. This has been true not only in the depression period, but it was also prevalent during the height of the postwar prosperity as well. Though building codes and housing laws attempt to prevent or relieve the more serious problems of housing, it should be recognized that private builders and landlords cannot be forced to do business at a loss. Such restrictive laws as do exist cannot be enforced if a whole class of tenants would be left without homes.<sup>1</sup>

<sup>1</sup> Wood, "That 'One-Third of a Nation,'" *op. cit.*, p. 83.

Since our acute housing shortage, with its attendant problems, is in part an outgrowth of private enterprise, one might ask: What is industry doing or what can we expect it to do within the next few years to improve these deplorable conditions? Edith Elmer Wood writes, "Except under pioneer conditions, where land and building materials are practically free, supply and demand, unaided, have never, at any time or at any place, furnished all classes of self-supporting families with a minimum health-and-decency grade of housing. Nor is there any reason to suppose they ever will."<sup>1</sup>

Opinion on this matter, however, is not always so clear-cut, for housing has among its proponents two different groups, the public housing and the private enterprise groups. Public housing in this country is defined as "what is built, owned, and operated by the newly created public-housing authorities, national or local."<sup>2</sup> At present our public housing is also subsidized; this means that part of its cost is paid by the taxpayers rather than by the occupants, by means of a capital grant, an annual grant, or a tax exemption. The advocates of public housing point to the slums created by private enterprise, and on that basis hold out little hope that private enterprise will take a substantial part in the housing program. The private-enterprise group counters by declaring that the taxpayers' money is being used to discourage private initiative and to ruin the taxpayers' business. Recognizing that housing includes all housing, whether for rich or poor, authorities agree that there is a place for both public housing and private enterprise in furnishing an adequate supply of dwellings that will meet the needs of all the economic groups in a community. As John Ihlder points out, a community-housing program must include the demolition of unfit dwellings, the repair, modernization, and proper maintenance of dwellings that are fit, and the erection of new dwellings. In this program there is ample scope for every legitimate interest, private and public. The emphasis varies in the three divisions at different times and in different communities.<sup>3</sup>

Concerning competition between public and private groups, Edith Elmer Wood states that subsidized public housing is, without

<sup>1</sup> Edith Elmer Wood, *Recent Trends in American Housing*, The Macmillan Company, New York, 1931, p. 45. Reprinted by permission

<sup>2</sup> Wood, "That 'One Third of a Nation,'" *op cit*, p. 83.

<sup>3</sup> John Ihlder, *Housing Defined*, Washington, D. C., 1936, p. 8.

apology, in competition with slum housing, and that where private enterprise has been functioning with reasonable success there should be no competition with public housing. She points out that the Wagner-Steagall Act limits public housing to the present ill-housed "third of the nation."<sup>1</sup>

TABLE XIII<sup>2</sup>

DWELLINGS BUILT PER FAMILIES, 1930-1937

	Number of Families	Total Dwellings Built 1930-1937		By Public Agencies or Other Nonprofit Enterprise		By Private Enterprise	
		Number	Per 100 Families	Number	Per 100 Families	Number	Per 100 Families
England . .	10,233,139	2,189,366	21.4	496,447	4.9	1,692,919	16.5
Sweden . .	647,770	195,749	30.2	25,502	3.9	170,247	26.3
U. S. * . .	17,372,524	1,041,265	6.0	29,559	.2	1,011,706	5.8

\* Urban families and urban homes built.

*England.* — "Housing, House Production, Slum Clearance, etc., England and Wales. Position at 30th of March 1938." British Ministry of Health. Number of families from 1931 Census.

*Sweden.* — "Federal Home Loan Bank Review," September, 1936. American-Swedish News Exchange, Inc., New York. Urban households from 1930 Census.

*United States.* — "Monthly Labor Review," January, 1938. Estimate of public housing, from Bureau of Labor Statistics, includes urban homes built or aided by Public Works Administration, Farm Security Administration, Works Progress Administration, and Alley Dwelling Authority. Urban families from 1930 Census.

By means of government subsidy the public housing group hopes to be able to reduce greatly the cost of the new house to its occupants. Until recently, however, neither camp has fully faced the problem of housing not only the low-income families, but the lowest-income families, and those who have no income whatsoever.

## HOUSING PROGRAMS AND PROPOSED SOLUTIONS

**Private Measures.** Though public housing, which is a recent development, is the first long-range step taken to relieve the problems of the ill-housed, certain private enterprises and philanthropic agencies have made some attempts at furnishing low-cost housing. Important among these are the following:

<sup>1</sup> Wood, *op. cit.*, p. 87.

<sup>2</sup> U. S. Housing Authority, *What the Housing Act Can Do for Your City*, Washington, D. C., 1938, p. 77.

1. *Limited dividend housing projects* financed by philanthropic or quasi-philanthropic capital. Through voluntary limitation of dividends it is hoped that suitable homes for those with limited incomes can be provided. Under this plan, model apartments have been constructed in a number of cities, in Chicago, for instance, by the Marshall Field estate and the Julius Rosenwald Fund.<sup>1</sup>

2. *Tax exemptions* for the duration of a twenty-year period were granted by New York (in compliance with the Housing Act of 1926) to apartments erected prior to 1937, provided that they conformed to the building standards and rental schedules set forth in the law. By 1937, 5,896 apartments were constructed.<sup>2</sup>

3. *Cooperative Apartments*. The first notable instance was the Finnish cooperative apartment built in Brooklyn in 1917. The Amalgamated Clothing Workers erected two large cooperative apartments in New York City, both of which are models of design and construction and have extremely reasonable rentals. Europe, on the whole, has had more success with cooperative apartments. In Stockholm, Sweden, the government and cooperatives have spent about ninety million dollars since 1926 to aid better urban housing, and about 15 per cent of the population of Stockholm live in these cooperatives. Loans up to 90 per cent of the cost of homes for the working class are made by the city. These homes, which are located in the suburbs, have provided for over 50,000 persons at a lower cost than has any other program.<sup>3</sup>

**Government Measures.** Until about 1932 public efforts to ameliorate the housing situation in the United States — except for an attempt of the national government to provide homes for workers in the war industries between 1917 and 1919 — were largely of a preventive or restrictive nature. The first tenement-house law was enacted in New York City in 1867. It forbade cellar apartments unless the ceiling was at least a foot above the ground, and required one water closet or privy for every twenty persons. Beginning with the sweeping Tenement House Act passed in New York City in 1901, there were enacted by state legislatures a whole series of statutes to prevent unsafe building, insanitary conditions, and excessive land overcrowding.<sup>4</sup> However, these remedies, though valuable, were negative in nature and did not provide for nearly

<sup>1</sup> H. E. Barnes, *op. cit.*, p. 533.

<sup>2</sup> *Ibid.*, pp. 528, 533.

<sup>3</sup> *Ibid.*, p. 533.

<sup>4</sup> *Ibid.*, p. 531.

enough new houses or reconditioned old ones. Lax enforcements of these statutes added further difficulty to the problem.

The first extensive home-building program for low-income families was embarked upon in 1933 under the auspices of the New Deal. The aim of this government aid is twofold: first, to advance loans to home owners and financial institutions investing in houses, and to start housing construction, thus providing useful employment for thousands of workers and further stimulating business recovery; second, to eliminate slums and to provide homes for low-income families whose small resources are no inducement to private builders. Not all of the various measures and institutions set up to achieve these objects can be discussed, but some of the more important ones should be mentioned.

*The Federal Home Loan Bank Board*, first of the government's home-financing projects, was established in 1932 with the purpose of supplying a reservoir of credit for home-financing institutions. Irving Brant has summarized the agencies administered under its authority as follows:

(a) Twelve regional Federal Home Loan Banks, which furnish a credit reserve for banks, insurance companies, building and loan associations and co-operatives, advancing money to them on home-mortgage collateral.

(b) The Federal Savings and Loan System, which charters and supervises federal savings and loan associations, and also grants federal charters to approved state-chartered association. The principal effort is to establish sound mortgage practices on terms beneficial to home owners.

(c) The Federal Savings and Loan Insurance Corporation, which insures investments in federal savings and loan associations and affiliated state-chartered bodies up to \$5000 for each individual investor. The effect is to bring investment money into the housing field and to induce the building and loan associations to accept federal supervision.

(d) The Home Owners' Loan Corporation (HOLC) which from 1933 to 1936 refinanced more than a million distressed mortgages, but which no longer makes loans and is now engaged only in servicing those already made and in managing properties acquired through foreclosure. Its original loans totaled \$3,100,000,000. From two-thirds to three-fourths of the borrowers are expected to pay out<sup>1</sup>

The HOLC, by refinancing on fifteen-year amortized terms the million or so homes threatened with foreclosure from 1933 to 1936, was the major factor in the prevention of a collapse in popular

<sup>1</sup> Irving Brant, "New Chapters in an Old Story," *Survey Graphic*, Feb., 1940, pp. 80-81.



home ownership during that difficult time. Yet the HOLC has been one of the least expensive operations of all the government measures. Private capital has purchased the underwriting bonds; the differential between the 5 per cent interest received on mortgage loans before October 15, 1939, and the 2.62 per cent paid on its bonds created a gross differential of approximately 2.4 per cent in favor of the HOLC. The interest charge to home owners has now been reduced to 4.5 per cent, and the HOLC still retains the differential of 2.1 per cent. From this net income the corporation is not only paying all operating expenses but is also setting up a solid reserve out of which it is estimated that practically all possible losses from the liquidation of defaulted mortgages will be covered.<sup>1</sup>

*Public Works Administration.* The National Industrial Recovery Act (NIRA) of 1933, the first important New-Deal legislation in the field of home construction, provided the Public Works Administration (PWA) with the power to make loans and grants to public agencies for the building of low-rent houses and the clearance of slums. Between 1933 and 1937 the PWA spent about \$134,000,000 on fifty-one projects in thirty-six cities. Today, these projects house approximately 22,500 families, or 70,000 persons. Nearly half of the federal outlay represented outright grants to localities.<sup>2</sup>

*United States Housing Authority.* The housing program, as it began to take shape, brought a clear-cut need for government-aided local dealings with slum and housing problems. As a result, the United States Housing Authority (USHA) was created by the Wagner-Steagall Act of 1937 to take over the control of federal housing projects from the PWA. Like the PWA, the USHA, which is now the administrative agency in charge of federal housing, aims to clear slums and rehouse their low-income families with low-rent projects. It erects no buildings itself, but assists and encourages municipal and county housing authorities (now numbering approximately 264) to do so with the aid of loans and grants. In February, 1940, all but ten states of the Union had passed state housing acts under this program.

The local housing authority may borrow up to 90 per cent of the cost of the project to be repaid in sixty years, and it may receive

<sup>1</sup> Percy Wilson, "Housing and Democracy," Reprint of Address before the John P. Altgeld Forum, Chicago Jan. 16, 1940, pp. 10-11.

<sup>2</sup> Isadore Lubin, *op cit.*, p. 4.

annual grants or subsidies from the USHA in order to maintain rents low enough for the rehoused groups. Local housing projects thus aided are supervised by the USHA to make sure that they actually benefit low-income groups.<sup>1</sup>

In 1939 more than 5,000 dwelling units were already under construction. So far, Congress has authorized the USHA to make loans up to \$800,000,000 and to make annual grants up to \$28,000,000. The law also provides that, for every dwelling unit erected, at least one unfit slum dwelling must be eliminated. Therefore, when the entire funds available under the USHA have been put into construction, steps will also have been taken to eliminate at least 160,000 unfit slum dwellings. It is estimated that rehoused slum families will number about 170,000, or approximately 650,000 people, and that of the \$800,000,000 in the present program about \$600,000,000 will go directly into workers' salaries.<sup>2</sup>

*Federal Housing Administration.* The National Housing Act, passed by Congress in 1934, created the Federal Housing Administration (FHA) for the purpose of encouraging private capital to invest in the building of homes for low-income families. It does not lend money for private housing, as is commonly supposed. Its loans are of two types:

(a) Under Title 1 of the National Housing Act it insures private loan agencies against loss up to 10 per cent of their total loans of \$2,500 or less for modernization of housing. Total loans insured under this title amounted to \$898,737,000 on September 30, 1939.

(b) Under Title 2 the FHA insures mortgages made by financial institutions on new homes up to a value of \$10,000. Total loans insured under this title amounted to \$2,249,238,000. It also insures mortgages made on large-scale rental projects. By September 30, 1939, these totaled \$108,000,000 on 250 projects.<sup>3</sup>

The FHA also sets up both price and minimum construction standards for the enterprises it guarantees. Through its activities the institutions of the short-term mortgage, the second mortgage, and the finance fees and discounts, which have threatened the stability of private home ownership, have been virtually eliminated.

<sup>1</sup> Edith E. Wood, *op. cit.*, p. 85.

<sup>2</sup> Nathan Straus, "The United States Housing Program," Address to the Houston Convention of the American Federation of Labor, Washington, D. C., 1939.

<sup>3</sup> Irving Brant, *op. cit.*, pp 80-81.

This effort, unfortunately, has not yet reached lower than the middle income groups.

*The Farm Security Administration* (FSA) has a much broader field than housing. Its principal function is to make loans to farm tenants, laborers, and sharecroppers, and to aid them in becoming farm owners. It also makes rehabilitation loans to low-income farmers who cannot obtain credit elsewhere. Frequently, these activities also include the building or reconstruction of houses.

The FSA makes loans at 3 per cent for periods up to forty years. As a rule it does not build houses for tenants, but furnishes plans for houses costing from \$1200 in the southern states up to \$2500 in the northern states, in addition to furnishing the money for them.

In California and other western states, however, the FSA has undertaken the building of camps for migratory workers and homes for families who have been driven from the dust bowl and who have ceased to migrate. These homes cost from \$1191 to \$1679 and are being built with the purpose of changing the migratory workers into casual workers with a fixed home. The objection to this, of course, is that very few migratory workers can afford such a home.<sup>1</sup>

*A Local Housing Authority* affords a working example of how public housing operates in a large city. In 1938 the Chicago Housing Authority leased from the USHA the three low-rent properties built in Chicago by the Public Works Administration: the Jane Addams Houses, the Julia C. Lathrop Homes, and the Trumbull Park Homes, comprising 2414 units, which it has since managed. In addition, the CHA has executed two loan contracts for financing the building of about 3,000 more low-rent building units for Chicago. It receives all rental income, from which it pays operating costs, a fixed rent to the USHA (with reserves for repairs and replacements), and additional rent which equals any surplus of receipts over expenditures at expiration of the lease.

The CHA is the only Chicago agency with which the USHA may contract to make loans and contributions, and to which the USHA can lease or sell houses built by the PWA. The USHA requires that the demolition or repair of unfit dwellings, which must be equal in number to the number of newly constructed buildings, be secured by a local authority.

Commissioners of the CHA are appointed by the mayor with the

<sup>1</sup> Irving Brant, *op. cit.*, p. 81.

approval of the State Housing Board, which alone has the right to remove any of the authority's commissioners or to investigate its affairs. The CHA cooperates with the various city bureaus and with the Chicago Plan Commission, besides submitting an annual report to the mayor. It is not, however, an agency of the city government.

The authority's work has been twofold. First, it has tried to develop a management technique capable of sufficient savings over the original estimate of operation costs to reduce substantially the rent scale in the three government-owned properties. Its second job lies in plans for securing additional low-rent building.

The remaining Chicago project to be built out of its share of the \$800,000,000 appropriated for the USHA will serve the lowest-income groups yet housed by a public project in Chicago. The CHA intends to rent apartments in this project at the rate of \$3 per room per month, or \$144 per year for a four-room apartment, and will permit good housing for families earning a maximum of \$700 annually.<sup>1</sup>

**Limitations of the Public-Housing Program.** Though the housing needs of the middle-and-higher income groups have been filled with a fair measure of success, neither public nor private measures have adequately handled the problem of proper housing for the lower-income groups. The work of the Federal government is a promising indication of what can be done in clearing away slums and erecting suitable dwellings; but the whole program, including construction to be finished by 1941, will house only a fragment of the slum population. The projects which are already completed have been criticized as being too expensive for present slum dwellers. The Jane Addams and Julia Lathrop apartments in Chicago, for example, show an average cost per family of around \$6000, and must either charge rents beyond the capacity of the lower-income groups or liquidate the debt out of public funds or government subsidy. The government is operating at a financial loss under the USHA program. Added to this problem is the fact that, for each new dwelling constructed by the USHA, a slum dwelling must be torn down. Thus, while the USHA is improving the quality of houses, the quantity is practically at a standstill. The greatest need for housing is among families having incomes of about \$1500 a year

<sup>1</sup> Chicago Housing Authority, Chicago, Dec 1, 1939, pp. 3-6

or less. There are today approximately seven million such families who actually need better homes. If the Federal government were to furnish them at the former cost of \$5280 per family unit, it would require well over \$30,000,000,000.<sup>1</sup> The possibilities of realizing this huge expenditure within a reasonable period are very slight indeed.

Numerous other obstacles stand in the way of effective governmental handling of the housing problem:

1. Local governments have not had sufficient resources to carry out public housing enterprises.

2. A satisfactory relationship between the Federal government and local communities concerning payments of tax and service charges has not yet been established.

3. Recognition of the indirect costs of poor housing and the gains which would result from improvement has been greatly overlooked by both public and private groups.

4. Hundreds of communities, even in those states with housing-enabling legislation, cannot engage in the USHA program because they have not set up local housing authorities.<sup>2</sup>

5. States, even those with housing-authority laws, are not moving fast enough to stimulate the general and national desire for better housing.

*Recommendations for Better Housing.* Until very recently housing in America has been handled almost exclusively by private enterprise. The results, as shown, have been highly unsatisfactory for the bulk of our population. Public housing seems to be a way out of the problem, but already many obstacles have arisen and more can be expected to block its effectiveness.

Most housing authorities agree that under our present economic and political system there is place for both private and public enterprise, and that they need not compete with each other. Louis Wirth, in *Contemporary Social Problems*, lists some recommendations for treating this and other problems concerning housing programs:

- 1 The housing needs of the upper middle-and-top-income groups could be supplied by private enterprise, while those of the lower- and lower middle-income groups are reserved for governmental activity

<sup>1</sup> Robert F. Marshall, "Slum Clearance: A Flight from Reality," *Forum*, CI: 2, Feb., 1939, p. 103.

<sup>2</sup> Louis Wirth, *op. cit.*, p. 54

2. The income of the masses could be raised by some nation-wide activity, such as raising the national income and widening the distribution of that income.

3. Lacking increased income, the lower-income groups should have some provision of subsidies in the form of direct governmental construction of public housing, rent subsidies, or loans to private enterprises to make possible lower costs in the financing of housing.

4. There should be full legal recognition of housing as a public utility with the right of eminent domain to housing projects, together with governmental regulations of quality and price.

5. The building industry should be modernized for the purpose of using modern technological improvements for the benefit of the consumers of housing, minimizing its seasonal character, and making possible mass construction.

6. Monopolies in building-materials industries should be prevented or controlled, and the building trades should be reorganized in order to reduce building-construction costs.

7. There should be strict enforcement of health, fire, and building ordinances to prevent exploitation of the slum population and to promote rehabilitation of slum dwellings.

8. Private enterprise construction could be stimulated for the middle- and upper-income groups through simplification of building codes and legislation.

9. Limited-dividend corporations and co-operative-housing enterprises should be encouraged, if necessary through government credit, loan insurance, or tax reduction.

10. Proper city planning, zoning, and neighborhood protection would retard deterioration and blight.

11. The slum clearance program might be separated from the low-cost housing program, since low-cost housing cannot always be best provided in former slum areas. Slum areas, after clearance, should be readapted for public use.

12. The tax structure should be rationalized, with some of the tax burden borne by real estate transferred to other sources of income.

13. Land speculation could be prevented through control of new subdivisions.

14. The stabilization (though not freezing) of population mobility could be secured through the stabilization of economic organization.

15. The disadvantageous position of ethnic groups, such as Negroes suffering from race prejudice and inferior housing facilities, should be minimized.

16. The federal, state, and local housing programs and agencies should be co-ordinated.<sup>1</sup>

Other suggestions with regard to federal housing projects include the following:

(a) The federal, state, and local governments and private enterprise should adopt a national policy of acceptable minimum standards for rehousing the low-income groups. This policy should be designed to stimulate local initiative and recognize local circum-

<sup>1</sup> Louis Wirth, *op. cit.*, pp. 55-56.

stances. Control, save in exceptional cases, should be vested in the local authorities.<sup>1</sup>

(b) Complying with local needs, the federal and state governments should extend financial aid to local authorities on condition of a comprehensive city plan and housing program.<sup>2</sup>

(c) A model State housing law should be prepared to enable States and local communities to take part in a national housing program and to carry out community rehousing programs in which public and private groups can cooperate.<sup>3</sup>

(d) There should be a housing authority in every community that has a slum; few cities do not have such an area.

**Conclusion.** To gain the greatest benefit from public housing, our national housing policy must not only be tied in with the national economy and financial structure but it must also be an integral part of a comprehensive long-range plan for the development and redevelopment of the community, in order to prevent patchwork projects and to insure against the instability of new developments and dislocations in the community structure.<sup>4</sup>

Though each recommendation listed in this chapter for improving housing conditions may be beneficial in itself, the housing problem is too great and too complex to be solved completely by palliative measures. The housing problem is intertwined with phases of our political, economic, and social life; and often solution of one phase of the problem is dependent upon another. Estimates on the cost of adequately housing the lower-income groups vary all the way from \$10,000,000,000 to \$65,000,000,000, a sum which makes experts agree that, even with large-scale programs, a serious housing problem will exist for many years to come.

We may well ask "What are the benefits that would be gained from the completion of such an elaborate and costly program?"

The benefits to be derived from such a program are scarcely calculable in quantitative terms. The increased satisfaction in life of the population directly affected, the reduction of disease, and the increased possibilities of personal development to be derived through the realization of the minimum standards of good housing on a national scale are not translatable into financial terms. The indirect benefits of good housing in the form of the reduction in delinquency and crime and of other

<sup>1</sup> National Resources Committees, *Our Cities: Their Role in the National Economy*, U. S. Government Printing Office, Washington, D. C., 1938, p. 76.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.* p. 60.

<sup>4</sup> *Ibid.*

forms of social disorganization such as insanity, suicide, vice, community indifference, public disorder, and political apathy can only be subjects of conjecture.<sup>1</sup>

Finally, education of the American public must continue to be the keynote of the housing program, for there must be a wider understanding of the problem and the necessity for the government's work in this field. Only in this way can its permanency be assured.

#### TERMS TO BE UNDERSTOOD

slum	blighted area
substandard dwellings	overcrowding
building code	eminent domain
subsidy	zoning
mortgage	public housing

#### QUESTIONS FOR DISCUSSION

1. Give the reasons for present-day high costs of housing construction.
2. Explain why an effective demand for a health-and-decency grade of housing for all Americans is almost impossible to achieve under present economic conditions.
3. What measures can private industry take to aid better housing? What are some of the limitations for the realization of such a program?
4. What are some of the criticisms of the New-Deal program for public housing?
5. List some of the direct and indirect effects of poor housing.
6. How does the United States compare with other countries in respect to public housing?
7. Compare housing conditions and problems in rural areas with those in urban areas. How do you account for the differences?
8. How does the housing problem of contemporary United States compare with that of 100 years ago?
9. What new inventions have affected housing in the last thirty years? Why have some of them not been widely adopted?
10. Discuss the justice or injustice of subsidizing the housing of part of the population at the expense of the rest. Discuss this same problem from the standpoint of its social utility.

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<sup>1</sup> Louis Wirth, *op. cit.*, p. 52.



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## CHAPTER VI

### HEALTH

#### THE HEALTH RECORD OF AMERICANS

**Improvement of Health.** Health is a matter of primary national importance. It means economy in times of peace, and strength in the preparation for defense. Our experience with the Selective Service Act is making us aware of the physical defects in our population. During the first half year of operation under the Act as high a proportion as 32 per cent of the registrants were rejected because of physical or mental deficiencies, and another 12 per cent of those who passed the examinations were rejected later by army doctors.

Great progress has been made in improving the health of the American people. During the past century life has been made longer and healthier. Severe epidemics have been prevented; many communicable diseases have come under control; and marked changes in mortality rates have been eliminated.

Smallpox used to be regarded as an expected childhood disease, and through this disease 5,000 lives were snuffed out annually. By 1934 there were only twenty-four deaths attributable to this disease.<sup>1</sup> Typhoid is another epidemic disease which has been partially conquered. At the turn of this century, a quarter million cases annually resulted in about 25,000 deaths. This has been reduced to one-tenth the number.<sup>2</sup> Tuberculosis is still a major cause of death, but the rate is one-fourth that of 1900.<sup>3</sup>

In the field of child health much has been accomplished, especially through the control of communicable diseases and the application of recent findings in nutrition. Mention was made in an earlier chapter on "Population" of the declining infant mortality rate. About seventeen years were added to the expectation of life at birth during the past fifty years.<sup>4</sup>

<sup>1</sup> National Resources Committee, *Problems of a Changing Population*, U. S. Government Printing Office, Washington, D. C., 1938, p. 169.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*, pp. 171-172

<sup>4</sup> *Ibid.*, p. 22.

**Wastage in Human Vitality and Life.** Despite the relatively excellent health of the American people, much remains to be accomplished. There were about three million cases of malaria in 1934.<sup>1</sup> Typhoid fever still takes a large toll of lives in some localities. Tuberculosis kills 70,000 annually, and affects another half million active cases.<sup>2</sup> Over 1,500,000 cases of venereal diseases are being treated. In this category, syphilis and gonorrhea cause over 40,000 deaths annually, the great majority of which could be prevented by proper and timely treatment.<sup>3</sup>

The respiratory diseases are a very important cause of lowered vitality and death. Each year 150,000 pneumonia victims lose their lives, though adequate serum treatments could save fully one-fourth of them.<sup>4</sup> The common cold also drains the vitality of the population. The average American contracts more than three colds a year. Some of us get through the year with none at all, while others suffer from many. A picture of nearly a half billion colds a year portrays a huge amount of discomfort and disability.<sup>5</sup>

The infant mortality rate, which has been cut in half in the last quarter century, could be halved again. Waste of life during childbirth could be largely eliminated. Each year of the 2,000,000 babies born 75,000 are stillborn, and 61,000 others die during the first month after birth.<sup>6</sup> Some 13,000 mothers die during the maternity period.<sup>7</sup> There is little excuse for the situation whereby a quarter million women do not have the services of a hospital or doctor at childbirth. Diarrhea, enteritis, and other infectious diseases have been reduced as causes of infant deaths, but the congenital conditions and accidents of birth for both mother and child are still major causes of death. It has been shown that the risk of death during pregnancy is very great among women with complications before childbirth.<sup>8</sup> This points to the possibilities of improving health through an extended program of prenatal care.

<sup>1</sup> National Resources Committee, *op cit.*, p. 171.

<sup>2</sup> *Ibid*, p. 172

<sup>3</sup> *Ibid*.

<sup>4</sup> Paul A. Dodd, "Conservation of Public Health," *The Annals of the American Academy of Political and Social Science*, 1939, 204-206: 147.

<sup>5</sup> National Resources Committee, *op cit.*, p. 172.

<sup>6</sup> Paul A. Dodd, *op cit.*, p. 147.

<sup>7</sup> E. Sydenstricker, "Public Health Provisions in the Social Security Act," *Law and Contemporary Problems*, Duke University Press, Durham, N. C., III: 265, April, 1936

<sup>8</sup> "The Hazards of Complications in Pregnancy," *Statistical Bulletin*, Metropolitan Life Insurance Company, Sept., 1932, p. 6.

In addition to the suffering and defeated hopes which result from illness and disabling diseases, the monetary cost is very high. There is, on the average, one illness per person per year. This means that a male worker loses seven to nine days of work each year, and a female worker suffers a somewhat greater loss of about eight to twelve days. The average worker loses about 2 per cent of his economic productivity through illness and accident. Industry and business also suffer because routine is disorganized, additional time and money are required to train substitutes, and productive efficiency is lowered. Thus it is probable that the total loss of illness and disability is at least 5 per cent of normal productivity. Translated into dollars, this waste amounts to four billion dollars each year, or a sum equal to the expense of operating our Federal government in 1929.<sup>1</sup>

Mental disease is perhaps the most baffling in the entire field of health. It is extremely difficult to estimate the number of persons who are mentally ill, but the best estimates run to one and a half or two million cases. Of this number about one-half million are institutionalized, and the annual cost per case is between \$300 and \$500.<sup>2</sup> Aside from the suffering and costs of mental disease, the fact that mental disease cases occupy more than half of all the hospital beds reveals the enormous health problems which families and the public face. Yet the causes of mental breakdown are largely obscure, and the situation constitutes a major challenge to modern science.

**Variations in Health among Groups.** There are differences in death rates and the incidence of disease according to age, geographic location, and even among different economic groups of the same locality. Studies made by the United States Public Health Service indicate that these rates are not produced directly by climate or biological factors. Instead, there is good reason to believe that differences in custom, health knowledge, and the ability to pay for adequate medical care are more significant.

Geographically (see Fig. 14) the death rates are lowest in the West Central States and highest in the Southwest, especially in Colorado, Nevada, Arizona, and New Mexico. The states along the Atlantic seaboard show a death rate slightly above the average. These rates represent fair comparisons because they are based on

<sup>1</sup> National Resources Committee, *op. cit.*, pp. 167-168.

<sup>2</sup> *Ibid.*, p. 174.

comparable ("standardized") age-sex populations and not on the actual population composition of the states. A map showing the life expectancy would exhibit some reversed shadings, because mortality rates vary inversely with expectancy of life. The expectation of life at birth, under the conditions prevailing in 1930, varied about 15 years between the best and the worst states. The highest mark was recorded at 65.6 years in South Dakota, and the lowest was 50.8 for New Mexico.<sup>1</sup> Persons living on farms live longer than

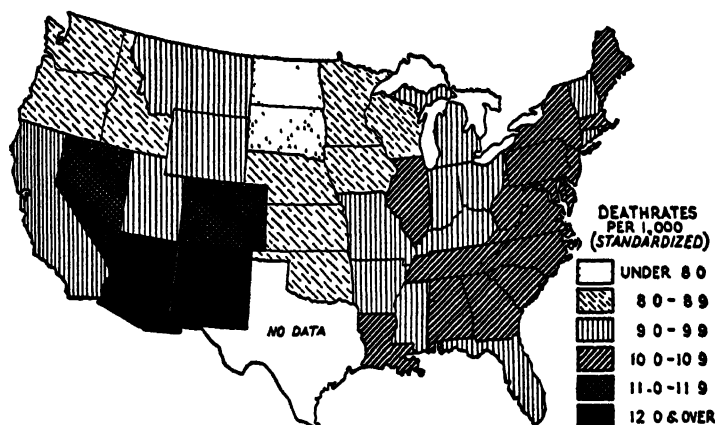


FIG. 14. STANDARDIZED DEATH RATES FROM ALL CAUSES, WHITE PERSONS IN THE UNITED STATES, 1929-1931

White persons include Mexicans. Death rates are standardized on the basis of the Standard Millions of England and Wales, 1901. The mortality for South Dakota is based on deaths for 1930 only. From National Resources Committee, *Problems of a Changing Population*, U. S. Government Printing Office, Washington, D. C., 1938, p. 181, citing L. I. Dublin and A. T. Lotka.

those in the city. In 1930 the expectancy of life in the farms and villages was 63.6 as over against 58.9 in the towns and cities.<sup>2</sup>

Wide geographic variations exist for specific diseases. In some instances, however, the rates are misleading. For example, the heaviest incidence of tuberculosis is found in Arizona, New Mexico, Tennessee, and Colorado. These states have a dry climate and are the areas to which persons afflicted with this disease migrate. Malaria, unlike tuberculosis, is not a fatal disease, and is limited

<sup>1</sup> L. I. Dublin and A. T. Lotka, *Length of Life*, The Ronald Press Company, New York, 1936, p. 87.

<sup>2</sup> W. F. Ogburn and M. F. Nimkoff, *Sociology*, Houghton Mifflin Company, Boston, 1940, pp. 492-493.

geographically. At one time the disease was distributed widely throughout the country; today it is found entirely in the Southeast and Southwest. In these areas the Negro rates are much higher than those for whites.<sup>1</sup> The racial factor as the explanation for the difference must be qualified in that the Negroes inhabit the lowland region where the disease is most common. Even for the venereal diseases, which are more prevalent among the Negroes than the whites, the extent to which the biological and economic-social factors are causal is not known.<sup>2</sup>

The incidence of disease also varies with age. The communicable diseases have been largely peculiar to children. Whooping cough, measles, diphtheria, and scarlet fever are the chief examples of this type. Tuberculosis attacks people of all ages and is fatal mainly in the years fifteen to fifty-five. The diseases which appear to be mounting are those peculiar to older people. The causes of cancer and the degenerative diseases, such as heart disease and nephritis, are still obscure. Other diseases which attack primarily persons over the age of fifty-five are diabetes and cerebral hemorrhage.

The more healthful environment and work in the open country account for the fact that states with a large rural population have low mortality rates, and consequently the longest expectation of life. Yet in recent years cities have been closing the gap between urban and rural death rates. Since 1929 the urban infant mortality rate has fallen below that of the rural areas.<sup>3</sup> Apparently cities are providing more medical and hospital facilities and public health measures than rural communities. In cities, public health expenditures per person are much greater and private health organizations are more numerous. Urban health controls result in "lower mortality rates in cities from influenza, smallpox, malaria, and dysentery. On the other hand, cities have higher rates for venereal diseases, tuberculosis, epidemic diseases, alcoholism, drug addiction, general paralysis, insanity, heart diseases, and cancer."<sup>4</sup> The Committee on the Costs of Medical Care believes that illness rates

<sup>1</sup> National Resources Committee, *op. cit.*, p. 184.

<sup>2</sup> United States Public Health Service report on a survey of syphilis in Chicago, cited in the *Chicago Daily Tribune*, Dec. 28, 1939.

<sup>3</sup> National Resources Committee, *Our Cities: Their Role in the National Economy*, U. S. Government Printing Office, Washington, D. C., 1937, p. 12.

<sup>4</sup> *Ibid.*

are no greater in cities than in rural communities, but the evidence is still inconclusive.<sup>1</sup>

Ill health is closely related to economic status, as measured by family income. Generally the lower-income groups have higher morbidity (sickness) rates. The national health survey made during 1935-1936 shows that of every twenty relief families, one family head was unable to work because of chronic disability. In nonrelief families earning less than \$1,000 annually, one in thirty-three was unable to work for the same reason, while only one in 250 in the higher income families was so classified.<sup>2</sup> The average number of disabling cases in all income groups was about the same, but, as is shown in Table XIV,<sup>3</sup> the number of days of disability in the lowest income groups was more than twice that in the highest.

TABLE XIV  
RELATIONSHIP BETWEEN DISABILITY AND INCOME

Annual Family Income	Annual Rate		
	Disabling Cases per Person*	Days of Disability	
		Per Person	Per Disabling Case
Under \$1200 . . . . .	0.36	8 9	24 7
\$1200 to \$1999 . . . . .	.37	5.7	15 4
\$2000 to \$2999 . . . . .	.36	5.0	13.9
\$3000 and over . . . . .	.34	3 8	11.2

\* Wage earners, ages 15-64, both sexes, exclusive of farmers and farm laborers, professional persons, proprietors, managers, and officials.

Among relief families there were 57 per cent more disabling illnesses lasting a week or more than among those with incomes over \$3000. The fact that disabling sickness lasted 63 per cent longer in relief families than among the richer families means that the rich secured more medical treatment.

Infant mortality rates vary according to family income. Robert M. Woodbury reports that the infant mortality rates for seven cities studied by the Children's Bureau showed that 167 babies die per 1000 live births among families with annual incomes of under

<sup>1</sup> National Resources Committee, *Problems of a Changing Population*, p. 181.

<sup>2</sup> National Health Survey, *Illness and Medical Care in Relation to Economic Status*, Bulletin No. 2, 1935-1936, Washington, D. C., 1938.

<sup>3</sup> National Resources Committee, *Problems of a Changing Population*, p. 187

\$450. The infant mortality rates decline progressively with the rise in income, so that families earning over \$1250 give their offspring more chances to survive — with an infant mortality of 59.<sup>1</sup>

Not only is health status related to economic status, but a marked downward change in economic status is reflected in a drastic health change. Among American income groups, the highest illness rate is shown by the group which was "comfortable" in 1929 and hardest hit by the depression. This group, "with a rate of 174 cases per 1000 persons showed an incidence of illness that was 45 per cent higher than the rate . . . for their more fortunate neighbors who were equal in status in 1929 but suffered no drop in income by 1932."<sup>2</sup>

The comparisons of health status for different occupational groups show that agricultural workers have the lowest death rates. Mortality rates increase progressively in the following order: professional men, clerks, proprietors, managers, officials, skilled workers, foremen, semiskilled workers, and unskilled workers.<sup>3</sup> Factory and building-construction workers have relatively high death rates; and the respiratory diseases are prevalent among workers in cigar making, the garment industry, and foundry work. In the manufacture of paint, ethyl lead, storage batteries, and ceramics, lead poisoning is still a considerable hazard, though phosphorus poisoning in matchmaking is past history. Industries using processes with chemical compounds carry the hazards of radium, carbon monoxide, benzene poisoning, X-ray burns, and silicosis. These occupational diseases form extremely important and complex problems in the field of medical research.

There also exists a relationship between nutrition and health. Though no single satisfactory index of physical well-being has been devised, the adequacy of diets is considered as one of the best.<sup>4</sup> Medical men and biologists have demonstrated that the omission of certain nutrients from the diet may cause a disruption of life processes. However, little is known about the exact amount of each nutrient needed for the best possible health status. Usually children of the low-income families grow less rapidly and reach

<sup>1</sup> "Infant Mortality in the United States," *The Annals of the American Academy of Political and Social Science*, 1936, 186-188 188.

<sup>2</sup> *Ibid.*

<sup>3</sup> National Resources Committee, *Problems of a Changing Population*, p. 188.

<sup>4</sup> *Ibid.*, p. 178.



lower maximum heights than children in the better income families.<sup>1</sup> Certain diseases such as pellagra, rickets, scurvy, and beri-beri are more numerous among the poor children, for whom deficiencies in diet exist. Anemia among children may also be caused by inadequate nutrition.<sup>2</sup> The infectious diseases of early childhood are most severe in their attack when the health of the individual is low.

The nutritive value of a person's diet is related to his income. A minimum of \$100 per year will provide an individual with an adequate diet. The significance of this standard becomes apparent when it is realized that in 1935-1936 the nonrelief families in the South earned an annual average (median) income of about \$500.<sup>3</sup> Throughout the nation more than two and a half million families earned less than \$500, with about one-half of these receiving less than \$250. Many of these families contained five or more members.<sup>4</sup> Undoubtedly adequate diets for a large portion of the population depend upon a more even distribution of income. One governmental agency, the Federal Surplus Commodities Corporation, has attempted to provide better diets among relief families by supplementing relief payments with certain foodstuffs. Another aid is the dissemination of knowledge of nutrition in food selection and preparation so that even the low-income families can improve their health without spending more money for food.

## PUBLIC HEALTH IN THE UNITED STATES

**Control and Prevention of Disease.** The public health movement in applying the discoveries of medical science has played an important role in the progress in health. Public health has been defined as "the science and the art of preventing disease, prolonging life, and promoting physical health and efficiency through organized community efforts. . . ."<sup>5</sup> In order to "enable every citizen to realize his birthright of health and longevity"<sup>6</sup> the goals of public health go beyond the strictly medical phase. An emerging program

<sup>1</sup> J S McLester, "Nutrition and the Future of Man," *Journal of the American Medical Association*, June, 1935, 105: 2144-2147.

<sup>2</sup> National Resources Committee, *op. cit.* p. 178.

<sup>3</sup> *Ibid.*, p. 179.

<sup>4</sup> National Resources Committee, *Consumer Incomes in the United States*, U. S. Government Printing Office, Washington, D. C., 1939, Appendix, Table 9B, p. 97.

<sup>5</sup> E. A. Winslow, quoted by Ira V. Hiscock, ed., *Community Health Organization*, New York, 1932, p. 13.

<sup>6</sup> *Ibid.*

is the provision of the "social machinery which will ensure to every individual a standard of living adequate for the maintenance of health."<sup>1</sup>

The first achievement and emphasis of public health was upon sanitation and the provision of a pure water supply. Among most Americans this function is usually taken for granted. Yet the development of modern sanitation is an important precondition to the existence of life in the city. Years ago deaths in the cities of the Western world normally exceeded the births, and large portions of city inhabitants were swept away by epidemics. The provision of pure water, the development of centralized sewage and waste disposal, and the insurance of a safe food supply were among the basic measures which lowered the death rate in cities. In Philadelphia, for example, sanitation measures were responsible for the marked decrease in typhoid fever cases. After a quarter century of many typhoid cases, Philadelphia reached the peak number of almost 10,000 in 1906. In that year filters were put into use and by 1913 typhoid cases fell to 1,000. During 1913-1914 chlorination of the water supply was introduced, and the number of cases dropped below 400 by 1920.<sup>2</sup>

The next stage in the development of public health was the control over communicable diseases. Vaccination, notification of cases, and segregation of the sick helped to eradicate the bulk of smallpox cases. The partial conquest of typhoid fever came through improved sanitation, better water and milk supplies, and the identification of typhoid carriers. Tuberculosis is still a major cause of death, but the number of lives taken by this disease has been reduced through the control of milk supplies, improved care of patients, and public health education.

The present program of public health has been broadened to include all diseases, and is engaged in the study of the basic factors in health. The conditions which lower vitality are receiving particular attention. Improper nutrition is being remedied by educational campaigns. The routine and strain of working conditions are subject to painstaking analysis. Much remains to be done about malaria which is one of the major diseases sapping the energy of millions of persons in restricted areas in the country. The exten-

<sup>1</sup> *Ibid.*

<sup>2</sup> National Resources Committee, *Problems of a Changing Population*, p. 169

sion of pure water facilities and other sanitation facilities to the rural areas of the South will prove effective. The high incidence of tuberculosis among young adults means that the control over this disease could result in enormous savings of vitality. The chief attack on this disease is directed toward the control of the conditions affecting susceptibility during the late 'teens and early twenties. In the field of the respiratory diseases, besides the fatalities which result from the development of the common cold into pneumonia, listlessness and discomfort are the usual accompaniments. At present there is much experimentation on the nature of virus infections from which many respiratory diseases result.

The venereal diseases are also coming to be recognized as major problems in the public health field. The attack on syphilis, for example, is twofold. The aims are to control infections and to require the treatment of all those infected. No longer is the control and elimination of the dreadful venereal diseases a question of medical knowledge. Instead, the need is "simply one of public willingness to bring about legislation which will make this knowledge effective."<sup>1</sup> The widespread adoption of public health control in Sweden and Denmark has produced great reductions in this disease. Various localities in America have also taken advantage of similar programs, but generally we have been backward in extending measures of controlling venereal diseases. An encouraging prospect in the battle against syphilis and other venereal diseases is the enacting of state laws requiring premarital physical examinations and forbidding marriage of persons suffering from communicable venereal diseases.

**Governmental Responsibilities in Public Health.** The chief power and obligation for public health rests with the government. As with public education, public health is primarily a function of the states' police and welfare powers. However, the states have delegated much authority over public health affairs to the counties and especially the cities where community action is indispensable.

The United States Public Health Service is the major agency of the national government in public health. It is concerned largely with controlling the spread of disease through interstate commerce and the suppression of epidemics. The Public Health Service cooperates closely with state and local agencies in the development

<sup>1</sup> National Resources Committee, *Problems of a Changing Population*, p. 173.

and extension of health facilities in outlying areas. Among its special activities are the investigation of diseases, education in public health, maintenance of marine hospitals, and the confinement of drug addicts. The Public Health Service has been largely responsible for impressing the nation with the tremendous waste involved in illness and premature death. Under the Social Security Act this agency has been given the power to dispose of \$8,000,000 to the various states on the basis of size, need, and special health problems. It is hoped that with the extension of the social security program to include insurance against sickness or temporary disability, the Public Health Service will attempt to make local public health progress more adequate and uniform. There are other federal bureaus performing public functions in the Departments of Interior, Agriculture, and Labor. The best known of these are the Children's Bureau, the Food and Drugs Administration, and the Bureau of Home Economics.

All of the states have a department of public health which sets policies and regulations, issues licenses, and conducts hearings in violation cases. Among the specific duties of state health departments are the collection and analysis of vital statistics, the maintenance of a public health laboratory and nursing staff, sanitary engineering, industrial hygiene, and the supervision of foods. Perhaps the greatest influence of the state is its leadership in financing and coordinating the health programs in the counties. In times of emergency the state department may even assume control over the routine of the county health services. As a rule, though, state aid and control is seldom extended to city health departments.

Local control over public health is carried on by the counties, towns, and cities. The great need of county health departments is a full-time professional personnel. Many of the rural communities had been securing the most advanced public health facilities, but the depression stopped this extension. Generally county health officers are poorly trained and underpaid; and the inadequacy of maternity, infant, and preschool hygiene services are very marked. To provide protective and preventive service through the employment of a full-time professional health officer, some counties have pooled their health work. The counties in Vermont, Tennessee, and Michigan lead in this trend. Another development in local health administration has been regional organization. Large cities

control their milk supply over wide areas often extending across state lines. Many communities within the orbit of a metropolitan city have found it economical to contract with the large city for their health services. A common inspectional service and jointly used and controlled hospitals are chief among these cooperative schemes.

The most elaborate public health program is found in the cities. The reasons for this are probably the absolute need for public supervision owing to congestion, and the relatively greater wealth. At any rate, cities provide their inhabitants with more complex and specialized public and private health facilities than do counties or townships. The functions performed by the larger city health departments usually include the control over the entire food supply, a health education agency, institutions for the treatment of tuberculosis, diagnostic clinics, and even open-air schoolrooms and summer camps. In recent years, with the widespread interest shown in the program for the treatment of pneumonia and the prevention of diphtheria, city public health departments have distributed, free of charge, serum, toxin, or toxin-antitoxin. Public health nursing is so completely incorporated in city health programs that it uses about 50 per cent of the health budget.

One of the most vexing problems of public health is the provision of medical relief. The usual channels for this need are the hospitals, out-patient clinics, and home service. Hospitals share a large part of the burden of serving patients free of charge. In the State of New York, for example, when one-sixth of the population were receiving relief, one-half of the hospital patients were receiving free or part-pay care.<sup>1</sup> During the years 1929-1935, free care in public general hospitals increased, while the number of patients in private institutions dropped slightly. The total volume of visits to public clinics also increased greatly in the decade preceding the depression. Visits by public health nurses during the same period were reduced about 10 per cent; but private health nurses actually made more visits in 1935 than they did in 1929. At all times, private health nurses were serving more cases than public health nurses.

<sup>1</sup> Thomas Parran, Jr., quoted by J. S. Falk, "Health, Sickness, and Social Security," *National Municipal Review*, April, 1936, 25-235.

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PRIVATE MEDICAL CARE AND HEALTH FACILITIES

**The Nature of the Medical Profession.** The picture of the family doctor is a familiar one. The personal relationship between the physician and patient is generally regarded as sacred. Yet in a day and age of medical specialization and expensive equipment for diagnosis and treatment, the traditional notion of the family physician is increasingly difficult to maintain. People, especially the urban populations, are more mobile today than ever before. There are millions of Americans who know of no way, except on hearsay advice, to select a physician in time of need. In spite of this situation, clinics and hospitals are limited in the services and recommendations which can be extended to the patient.

The medical profession insists on its tie to the individual patient, and also continues to cherish the notion of private enterprise. These conditions have aggravated the problem of serving the medical needs of many persons. The principle of mass production as applied to industry and business meant economies in unit production; but the application of inventions and increased specialization in medicine brought greater costs. Medical men must undergo longer periods of training, and the office of the modern physician needs to be equipped with the newest, and usually expensive, instruments. To pay for the extended education and the costly equipment, fees are increased. This has meant that many general practitioners merely direct the family members to various specialists, and that the more specialized medical service costs more.

In adhering to the idea of private enterprise physicians do not accept all that the principle implies. The element of competition which is common to business enterprise is banned by the ethical code of the profession. Undoubtedly, this condition works to the advantage of the individual patient who is not regarded as a mere customer. Theoretically, medical ethics recognizes no distinction between individuals except as to their medical needs. The medical profession under private practice has voluntarily assumed the burden of those persons who cannot afford medical fees. Even the best medical specialists in all fields give their time and services to charity cases. Hours spent at the free clinic and the treatment of office patients who are unable to meet the doctor bill are ample testimony of the splendid work of the medical profession. But some

students of the problems of health are asking this question: Why should the doctor be expected to do this? Even the doctor must make a living, and it isn't fair that he be expected to donate his services. More important, it must be recognized that even with all the free medical care, the available services are far too few to meet the need. Traditional medical practices have served to place "the public under obligation to the medical profession, and thus give organized medicine a 'vested interest' in the system of private practice of medicine."<sup>1</sup> It would seem that some reorganization in the practices of private medicine is needed to meet the health dilemma.

**Private Health Agencies.** Public health functions performed by the various governments are supplemented by a variety of private associations and agencies. The chief fields of activity of these voluntary agencies are: the provision of nurses, the education for the control of tuberculosis, and child health. Generally, these activities are carried out through the co-ordinate plans of health councils, which include municipal and school health departments, the medical profession, and social agencies.

The best-known national council is the American Public Health Association. Other organizations are the American Social Hygiene Association, National Tuberculosis Association, American Society for the Control of Cancer, the American Heart Association, and the American Child Association. Some life insurance companies are also active in serving their policyholders with health information.

One of the outstanding achievements in private efforts for health service is the health center. This institution represents the co-ordination of all the agencies giving medical and social service to a local community. Cincinnati, Philadelphia, Pittsburgh, and Milwaukee were among the first cities to develop this agency. In recent years, New York has established several health centers. Boston has eight centers which house cooperating health and welfare agencies. In Wilkes-Barre, Pennsylvania, the health center serves the entire city. Other demonstrations have been carried on through private initiative to determine the needs and effects of adequate health services. The Metropolitan Life Insurance Company sponsored a program in Framingham, Massachusetts, to combat tuberculosis, but in time the idea was extended to include general health

<sup>1</sup> Paul A. Dodd, *op. cit.*, p. 147.

features. In the main, private agencies are notable for their pioneer work in health programs, and in their aid to programs under public auspices.

**Industrial Health Programs.** Considerable progress has been made in the field of industrial health in recent years. Employees, employers, and local communities have received the benefits from proper industrial medical care and education. The extent and scope of such plans are not known, but it is certain that only a minority of the industrial employees are affected, and that there are still many possibilities for further developments. The progress in this field appears to be dependent on the understanding employers have about the money they can save, and the good will they can create. In some industries where the occupational hazards were normal, an estimated saving to the owners sponsoring a campaign for sickness and accident prevention has been set at approximately \$13,000 per 1,000 workers.<sup>1</sup>

The "whirling steel" of modern industry produced many occupational accidents. In the last quarter century or more before the 1910 decade occupational accidents ran near the million mark annually. In addition, certain production processes were invented and new industries emerged which created many hazards for the worker. To meet the acute and growing problem, factory legislation, employers' liability, and workmen's compensation laws were enacted. As a result, many hazards were eliminated and workers were given some economic security when they met with accidents. Safety devices and specially designed machinery were installed. Plants were reorganized and educational campaigns were introduced. In some instances workers were provided with safety devices, such as glasses or headgears; and tests were even conducted to identify and eliminate those employees who were prone to accidents. An important development was the repudiation of the traditional common-law defense of the employer that the worker assumed the risks of accidents due to the negligence of his fellow workers and had an equality of power to redress his grievances against the owner. Instead, it became legal to hold the owner responsible for the workers' accidents which occurred while at work, or any sickness caused by conditions of work.

<sup>1</sup> Dean K. Brundage, "An Estimate of the Monetary Value to Industry of Plant Medical and Safety Services," *Public Health Reports*, Aug. 21, 1936, 51:1145-1159.



**Private Cooperative Health Programs.** Medical care is a problem for the bulk of the population. It is estimated that at any given time there are about three disabling illnesses among each 100 population. The annual bill for medical care in the nation, shown in Table XV, is approximately three and a half billion dollars, with 30 per cent of this amount paid to physicians, 24 per cent to hospitals, 19 per cent to medicines, 12 per cent to dentists, 5 per cent to nurses, 3 per cent to public health work, and 7 per cent for all other purposes. Coupled with the unpredictable nature of sickness and accidents most families, even those of moderate incomes, are unable to budget for medical services.

TABLE XV<sup>1</sup>  
TOTAL EXPENDITURES FOR MEDICAL CARE  
(IN THOUSANDS OF DOLLARS)

Service	Total	Sources of Funds			
		Patients	Governments	Philanthropy	Industry
Physicians in private practice	1,090,000	1,040,000	. . .	. .	50,000
Dentists in private practice .	445,000	445,000	. . .	...	.
Secondary and sectarian practitioners . . . . .	193,000	193,000	.	....	.
Graduate nurses, private duty	142,000	142,000	.....	.	... .
Practical nurses, private duty	60,000	60,000	.	.	.
Hospitals, operating expenses	656,000	278,000	300,000	54,000	24,000
Hospitals, new construction .	200,000	. . .	100,000	100,000	.
Public health . . . . .	121,000	.....	93,500	27,500	...
Private laboratories* . . . .	3,000	3,000	.	.	. . . .
Orthopedic and other supplies*. . . . .	2,000	2,000	..	.	.
Glasses* . . . . .	50,000	50,000	..	.	. . .
Drugs* . . . . .	665,000	665,000	. . . .	. .	. . .
Organized medical services .	29,000	7,790	16,000	210	5,000
Total . . . . .	3,656,000	2,885,790	509,500	181,710	79,000

\* Includes only those expenditures not included in other items.

To meet this difficulty a variety of voluntary schemes have been developed among cooperating private individuals. The usual plan is for an economically homogeneous group, such as teachers, to

<sup>1</sup> From *Medical Care for the American People The Final Report of the Committee on the Costs of Medical Care* (1932), p. 14, from *Problems of a Changing Population*, National Resources Committee, 1938, p. 168. The data, with a few minor exceptions, apply to the year 1929.

contribute a small, fixed sum against the need of drawing a relatively larger sum from the common fund. The underlying principle is the same as in any insurance plan, in which the common risk is spread among a large number of persons. An example of this experiment is the cooperative hospital plan. A premium of about \$10 enables a person to get hospital care (namely, semiprivate room, use of the operating room, and anesthesia) for a maximum of twenty-one days in any one year. The cooperating member can even enlist other family members in the plan for smaller additional sums. In some instances, an elaborate health program is made available through the cooperative group. Thus the cost of surgery, physician's fee, medicines, clinical and nurse services, and even a sick benefit, can be purchased. A favorable feature of these plans is the choice a person can make regarding his attending physician and hospital. Yet the value of the cooperative hospital and health plans are definitely limited among the groups which are small and poor, and who cannot, therefore, carry the burden to provide adequate benefits.

**Drugs and Medicines.** Americans spend more than \$715,000,000 annually for drugs and medicines, which are purchased directly from retail druggists or general merchants.<sup>1</sup> Less than \$175,000,000 of this total amount is spent for drugs and medicines prescribed by physicians or hospitals. It is estimated that each of the 132,000 trained pharmacists in the United States compounds, on the average, about 1200 prescriptions per year, although the pharmacist could very well prepare ten times this number without lowering the quality of the product. As a result, the pharmacist is usually forced to convert his drugstore into a department store, where all kinds of wares and patent medicines are sold. Many times the pharmacist prescribes a patent medicine as a cure-all, and certainly many patients make a self-diagnosis of their disease or sickness. The Committee on the Costs of Medical Care estimated that the annual sales of patent medicines amount to \$360,000,000 of the total spent for all medical service and commodities. The Committee even declared that most of the money spent for patent medicines is wasted.<sup>2</sup>

Since 1927, when Stuart Chase and F. J. Schlink published

<sup>1</sup> Committee on the Costs of Medical Care, *Medical Care for the American People*, p. 28.

<sup>2</sup> *Ibid*, p. 29.

*Your Money's Worth*, there has been a flood of literature on the dangers to health in the use of many drugs, especially patent medicines. The 1938 Wheeler-Lea Amendment to the Federal Trade Commission Act, which regulates advertising and "unfair or deceptive acts or practices" in interstate commerce, was one milestone in protecting the health of consumers. The Food, Drug, and Cosmetics Act of 1938, which repealed the outmoded provisions of the 1906 Act, provides for regulation in keeping with present-day requirements.<sup>1</sup> These measures will be discussed in a subsequent chapter, but it is important to note at this point that the Federal government has attempted to control patent medicines in the best interests of the public and the individual. Also important is the legislation enacted by individual states to cover the activities which the interstate power of the Federal government is unable to control. The state of North Dakota offers an excellent example where the drug laws are up-to-date and are designed to safeguard the consumer.<sup>2</sup>

**Medical Quackery.** There are many people who patronize substandard practitioners because of the cost or the quality of normal channels of medical care. It is estimated that from 3 to 5 per cent of the total expenditures for medical care are paid to one or another type of substandard practitioners.<sup>3</sup> Osteopaths are used extensively in the northern states and number nearly 8,000 throughout the United States. "Although the last two decades have witnessed a decided advance in the quality and length of osteopathic education . . . the osteopaths as a group are not now as well qualified as doctors of medicine and act as a factor diluting the quality of care available to the American people."<sup>4</sup>

There are almost twice as many chiropractors as osteopaths, and as a group the chiropractors are "far more ignorant and incompetent."<sup>5</sup> The most recent and accurate study reveals that the theory and practice of chiropractic has no scientific basis whatsoever for treatment except, perhaps, the value of suggestion.<sup>6</sup>

Another brand of substandard practitioners are the 2500 "drugless healers," who pass under a score of names and are generally characterized "by ignorance and charlatanism."<sup>7</sup>

<sup>1</sup> *Consumers' Guide*, V: 5, June, 1938

<sup>2</sup> *Ibid.*, V 9, Oct, 1938

<sup>3</sup> Committee on Costs of Medical Care, *Medical Care for the American People*, Chap. 1.

<sup>4</sup> *Ibid.*

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*

In 1931 there were about 9,000 Christian Science practitioners, and many other religious healers. Perhaps some of these are "able to secure beneficial results in cases where emotional factors play a major role in the disease,"<sup>1</sup> but the great danger in the use of these practitioners comes when the actual nature of the sickness has not been determined by medical diagnosis.

Probably 15 per cent of all child deliveries in the United States are attended by the nation's 47,000 midwives.<sup>2</sup> This is especially true among the Negroes and the Mexicans. In the southern states the midwife probably delivers one of every three babies. Generally, the midwives "are illiterate, dirty, untrained, suspicious, and superstitious,"<sup>3</sup> though a few states have been licensing, supervising, and requiring some educational training of midwives.

### HEALTH SECURITY IN AMERICA

**Unequal Distribution of Health Facilities.** One of the aggravating factors in the effort to secure adequate health is the variation of facilities for medical care and treatment. The supply of physicians in the nation is adequate, but their uneven distribution is a cause of poorly organized medical services. In San Francisco County, California, for example, there is one doctor for every 425 persons, while in Imperial County in the same state there is one for every 1924 persons.<sup>4</sup> The search for high incomes has led to a relative concentration of physicians in the larger cities. This is especially true of the younger doctors. Some persons disagree with the statement that there is an oversupply of doctors in the larger cities and an undersupply in the towns and open country; nevertheless, the fourteen most urban states in 1927 had 149 doctors for every 100,000 population, while the fourteen least urban states had a ratio of 92.<sup>5</sup> Dentists are also unevenly distributed. California, for example, had 103 dentists per 100,000 population, while Mississippi had only 19 in 1928.<sup>6</sup> The expenditure for dental care among a large proportion of American families is extremely low.

<sup>1</sup> *Ibid*

<sup>2</sup> *Ibid*.

<sup>3</sup> *Ibid*

<sup>4</sup> L. Mayers and L. V. Harrison, *The Distribution of Physicians in the United States*, General Education Board, New York, 1924, pp. 164, 171. Quoted by A. Peebles, *A Survey of Statistical Data on Medical Facilities in the United States*, Committee on the Cost of Medical Care, Washington, D. C., 1929, Publication No. 3, pp. 22-26.

<sup>5</sup> *Ibid*.

<sup>6</sup> Committee on the Costs of Medical Care, *Medical Care for the American People*, Chap. 1.

Probably over 60 per cent of the sum spent for dental service comes from those who earn \$3000 or more annually.<sup>1</sup> Many dentists have a large portion of their time unused and this waste could be utilized to great advantage if there were a greater understanding of the value of regular, periodic dental care. Obviously, the economic factor is a serious deterrent, but it is likely that many poor persons could take advantage of adequate dental services at relatively low costs if, through periodic dental examinations, they could prevent serious dental defects.

It should not be inferred from the previous section on private health facilities that the physicians of the country are reaping great rewards through their "vested interest." Actually many doctors have meager incomes, and some of them were on the relief rolls. Half of the doctors in California, a state ranking fourth highest in per capita income, were earning less than \$2700 each during 1933.<sup>2</sup> It is possible that a shift of some doctors to the rural areas of the nation would augment their earnings and make their services accessible in needy areas.

The marked increase in the number of nurses since 1900 has not been without its problem. A more uneven distribution prevailed among the nurses than among doctors. In 1920 the fourteen most urban states had more than twice as many nurses per 100,000 population as the fourteen least urban states (206:84).<sup>3</sup> Hospitals, too, have a strategic influence in providing adequate health service, but the provision of hospital beds portrays a similar variation. With two beds per 1000 population assumed as a reasonable minimum, the range is from 1.4 beds in Mississippi to 6.5 in Colorado.<sup>4</sup> Eight states are below the minimum, and altogether over 31,000,000 persons live in areas with less than the minimum number of hospital beds, and are at least fifty miles away from any important hospital center.<sup>5</sup>

**Proposals for Adequate Medical Care.** The task of considering the means of advancing the health of the nation is dependent upon

<sup>1</sup> Committee on the Costs of Medical Care, *Medical Care for the American People*, Chap. 1.

<sup>2</sup> Paul A. Dodd, *op. cit.*, p. 149.

<sup>3</sup> Arthur Hillman, *Public Health in the Urban Community*, unpublished manuscript of the Research Committee on Urbanism, National Resources Committee, 1936, p. 42.

<sup>4</sup> National Resources Committee, *Problems of a Changing Population*, p. 190.

<sup>5</sup> Arthur Hillman, *op. cit.*, p. 45

“(1) the quality of scientific research; (2) efficiency in the organization and administration of health services; and (3) adequacy of economic support for those services.”<sup>1</sup>

The contributions of medical research are well known. The germ theory and the discovery of vaccines and toxins have been the bases for the great advances in public health. Though the most important methods of attack in the control over disease were in their infancy only fifty years ago, new research knowledge and methods in practice are appearing constantly. There is the reasonable prospect that discoveries in the fields of the chemical, physical, and biological sciences will parallel the advances in medical science. In fact, more exact knowledge in the psychological and social sciences will aid in the understanding of certain aspects of health and mental disease. For instance, studies have been and are being conducted to discover the relationship of various occupations, areas of life, and life experiences to nervous breakdown or serious mental illness.

The discoveries of medical science, such as toxins and serums, have helped the program of preventive medicine. Much remains to be done in extending the use of preventive health measures in private medical practice and in public health work. Physicians are being encouraged to give their patients more instruction and guidance in the basic principles of personal hygiene. Public health agencies have already made great advances in the application of preventive medicine through the collection of vital statistics and the control of sanitation and water, milk, and food supplies. A promising field is the popular health education which the schools can carry on in conjunction with the public health agencies.

There is no doubt that the nation possesses the resources, ability, and the technical experience necessary to cope with the problem of providing adequate medical care. The Committee on the Costs of Medical Care conducted a five-year study to determine what reorganization of the health facilities could be made to provide for adequate economic support. In the final report, presented in 1932, the Committee made two main recommendations.<sup>2</sup> The first, dealing with the uneven incidence of health costs among

<sup>1</sup> National Resources Committee, *Problems of a Changing Population*, p. 190.

<sup>2</sup> Committee on the Costs of Medical Care, *op. cit.*, p. 109.

American families, held that group payments for health was desirable. The second recommendation was that both preventive and therapeutic medical service should be provided largely by organized groups of doctors and other associated personnel attached to a hospital prepared to render every available service.

These recommendations met with a great deal of criticism from some Committee members. Some held that the proposals were too extreme, and that the extent of reorganization of medical service should be that of fostering some voluntary group facilities. Others thought that the recommendations were inadequate because they failed to deal with the fundamental economic questions involved.

The most controversial issue in the field of health centers around the proposal that America should commit herself to the principle of compulsory health insurance. Dr. Henry S. Sigerest, professor of the History of Medicine in Johns Hopkins University, maintains that though compulsory health insurance "is by no means a panacea and does not itself guarantee good health . . . (it) is an insurance against the unpredictable economic risk caused by illness."<sup>1</sup> Though the poor receive a considerable amount of medical care on a charity basis, the burden falls unequally upon different physicians, and furthermore, does not begin to extend adequate medical care to all groups in the population. The situation is desperate even for those with moderate incomes "who hesitate to accept charity service and yet cannot meet the payments for adequate medical care in case of protracted illness . . ."<sup>2</sup>

The opponents of compulsory health insurance have made clear their viewpoints. Dr. Terry M. Townsend, president of the Medical Society of the State of New York, may be taken as a representative spokesman of this group. He maintains (1) that Americans abhor compulsion; (2) that the scheme is no insurance at all, but is a sickness tax; (3) that the workman will be further burdened with taxes which cannot be levied on the unemployed and the self-employed; and in this way the plan is discriminating and inequitable; (4) that the administrative costs of compulsory health

<sup>1</sup> Reprinted from *Town Meeting*, bulletin of America's Town Meeting of the Air, 5-15, p. 4, Columbia University Press, New York. Speakers: Dr. Henry E. Sigerest, Dr. Terry M. Townsend, Dr. C. E. A. Winslow.

<sup>2</sup> National Resources Committee, *Problems of a Changing Population*, p. 191.

insurance, and the red tape connected with the bureaucratic machinery needed to administer the plan are time and money wasting; (5) that the free choice of physicians and the traditional intimate relationship between doctor and patient will be destroyed; and (6) that American private medical services recognize the present inadequacies in the distribution of medical care and will continue to extend free services wherever needed.

It is not necessary to continue the argument over the value and need of a compulsory health program. The issue will continue to be discussed in the public forum by experts in the field. Both views have merits which cannot be easily dismissed or overlooked. Yet the inevitability of a compulsory health insurance plan is part of the trend of all kinds of insurance plans, namely, unemployment insurance, old-age insurance, and so forth. This is an age of strong feelings of insecurity and, as a result, strong demands for the public provision of security.

There are two broad methods of meeting the problem of health risks and inadequate medical services. Public health services offer great possibilities. The most radical change proposed in the role of public health is "public" medicine. Through this method medical care would be available on the same basis as public education. Public medical services would be extended to most of the population by means of health measures financed through general tax funds. One argument offered in defense of this program is the allegation that, at the present time, private physicians do not bear their share of the responsibility for public health services; and, in fact, some physicians feel that their private practice is cut down by public health programs. However, the medical profession represents an important vested interest and is generally opposed to this plan. Furthermore the tendency of many Americans to cherish the traditional family-doctor notion makes the prospects of acceptance of such a scheme very slender in the near future.

A more moderate proposal in the field of public health is to co-ordinate further present private medical practice with public health. Thus, the government would provide the private physician with the laboratory, hospital, and other expensive facilities for the treatment of his patients. In this way the low-income group could be given the most advanced care. Public agencies, however, already spend more than one-half billion dollars annually. The extension



and the improvement indicated in this proposal would probably involve an additional three billion dollars each year.

The second plan is compulsory health insurance. Such a program is represented, for instance, by a health bill introduced by Senator Capper. The principal provisions of this bill constitute, in the opinion of experts, the product of the soundest thinking on the subject, and embody the best fruits of the experience of forty-six nations. The prime purpose of the plan is to extend the benefits of health insurance to the broad masses of low and moderate incomes. It excludes from its provisions persons whose income exceeds \$5000 per year, and who presumably would be in a position to pay for adequate medical care entirely out of their own incomes. Persons earning between \$3000 and \$5000 per year could enlist in the program on a voluntary basis.

The plan provides for compulsory health insurance for wage earners who earn less than \$3000 a year. The employee, the employer, the state, and the Federal government would be required to contribute the necessary funds. In this way, medical risks would be spread among very large groups. The unemployed, relief clients, and old-age pensioners would also be covered, in which case the relief disbursing agency would make a contribution. The insurance fund thus established would be used to pay the doctors, dentists, and the hospitals of the patient's own choice.

It is possible, and indeed desirable, that a nation-wide health insurance plan be combined with the present system of private medical care aided by governmentally financed facilities. Such a program could be launched without "destroying the advantages of competition for quality of service, personal relationship between doctor and patient, and professional initiative, which seem to be so characteristically American."<sup>1</sup> This would be a recognition of the fact that

The present system of private practice has failed to make adjustments commensurate with the development of medical science. Since health is a matter of public concern it is a function of the government to reorganize the system to the point at which public welfare is most benefited.<sup>2</sup>

The whole population must secure adequate preventive and therapeutic medical care before we can have health security. There is

<sup>1</sup> Paul A. Dodd, *op. cit.*, p. 153.

<sup>2</sup> *Ibid*, pp. 153-154

little prospect that this can be achieved without public intervention including governmental aid to those unable to bear the cost individually.

### TERMS TO BE UNDERSTOOD

communicable disease	occupational disease
mortality rate	the health center
morbidity rate	medical ethics
"standardized" rate	industrial hygiene
expectation of life	mental hygiene
degenerative diseases	industrial accidents
infant mortality rate	cooperative hospital and
public health	health plans
regional health organizations	public medicine
compulsory health insurance	preventive medicine

### QUESTIONS FOR DISCUSSION

1. If you were a child, in what area, rural or urban, would your health be best protected? Why?
2. In what respects can it be said that our health status depends on social and economic factors?
3. For what age groups has medical science done least to reduce disease and death? How do you account for this?
4. What role has public health played in advancing the health record of the nation? What can public health do to improve health?
5. If you were to debate a representative of the American Medical Association, what would you say on the question, "Resolved: That 'public medicine' is needed in America"?
6. What are the values attributed to private medical care?
7. What are the major health activities carried on by: (a) the Federal government, (b) your state, (c) your county, (d) your city?
8. What are the major causes of death of the American people?
9. What are the major diseases from which the American people suffer? Are the most frequent diseases the most important diseases?
10. In what respects do (a) the hazards of health, (b) the safeguards against sickness, (c) the methods of dealing with health problems today differ from those of a generation ago and from those of a century ago?

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## EDUCATION

## SOCIAL FORCES AND EDUCATION

Man makes adjustments to life through learning and not by relying on instincts. As society becomes complex, organized education, in the form of the school, is one of the primary means of transmitting the cultural heritage of the group to its members. To some degree the school must reflect the experiences, hopes, and fears of the social group in which it exists. Education, therefore, is an important agency in socializing the individual and in protecting society from disintegrating forces.

**The School in the Social Order.** The school is part of the web of social life. Some features of the school are determined by the influence of forces operating within the institution itself; but always the social forces from without influence the philosophy, curriculum, and objectives of the school. The history of Germany and German institutions affords an excellent example of this thesis. Before the year 1800 the Prussian state emerged as an absolute monarchy. The educational system became a function of the government and was used to maintain the class society which had been established. Thus a "dual" school system provided relatively few years of education for the mass of common people, while the few members of the elite were given an elaborate and extended education.

Likewise, in France and England before 1900 education was patterned after, and operated for, the prevailing social order. In England the only way open to higher education for the common folk was the highly competitive examinations. The class society of France was reenforced by the *lycée*, where the elite were given a thorough training especially for governmental service, and the *écoles primaires* served the masses.

When the early English settlers founded the New England colonies, they naturally brought with them the ways of life of their

former land. As a result, there appeared the outlines of a class social structure. In the settled areas, Latin grammar schools were established to prepare the sons of the elite for colleges, such as Harvard (1636), where they were trained mainly for the ministry. All along the frontier, however, conditions forged a common way of life for all who occupied the stockade; and as a result, the "unit system" of education (that is, a common system for all) was founded. In the South the situation was different. The plantation system favored the retention of the European order; hence, the society in general was based on a class system in economics, politics, social life, and education.

The period 1830-1860, however, defined our political philosophy with respect to public education. It was in this period that our public elementary school unit was firmly established. The emergence of the democratic state was, and is still, the background for the dynamics of public education. The election of Andrew Jackson as president signalized the rise of the common man. We came to regard our educational system as the means of making effective our experiment in democracy. By 1860 many states had accepted the idea of public support of elementary schools. Our high school unit, however, was not free and universal until after 1874. In that year a Kalamazoo court decision, to the effect that the city had the right to spend public tax money for the maintenance of high schools, was upheld on the reasoning that the high school was essential to the general welfare of the community.

With all the gains in extending free public education, there are those who are critical of the American high school because its doors are open to all youth. They tell us that our program of free universal secondary education is a failure. In answer to this position, the proponents of our present educational policy declare that the desires of the common man have always meant something in the common enterprises of social life in America. A true democracy cannot properly function without educated citizens; but knowledge itself is no more productive than hoarded money. In and for democracy the schools must develop personalities able to use knowledge for gaining, integrating, and reconstructing experiences full of meaning for the society which they reflect.

**Education under Democracy and Dictatorship.** It has been part of the American tradition that the democratic way of life

must rest on a foundation of public education. Modern dictatorships, however, also believe in public education. In fact, when Hitler came into power the school system was one of the first institutions which he sought to control. It is apparent, therefore, that though modern democratic societies must extend educational opportunities to their members, the motives behind their educational programs are different from those in dictatorial nations.

Our statesmen have long realized that our experiment with democracy would work only if the individual had an understanding necessary to pass intelligent judgment on public issues. The prime necessity for the effectiveness of democracy has been the critical understanding which the citizenry had of the workings of the basic political, economic, and social institutions. It has been the democratic theory to "provide the individual, regardless of economic status or social class, free opportunity for intellectual growth and cultural development."<sup>1</sup> This position assumed that the benefits conferred upon the individual would result in the greatest social benefits. In dictatorships there is no such respect for the individual. Many persons and groups are marked for a life of limited opportunities and suffering. In a democracy the educational system cannot be used to build up or perpetuate class and race differences. Yet it is possible for class differentiation to take place in a subtle and unintentional manner even where education appears to be free to all. In many economic and social spheres, educational status is a major requirement for opportunity. (See Fig. 15.) It is obvious, therefore, that a democratic nation cannot allow the provision of many educational opportunities for a few, while for many others the opportunities are meager. The social stratification, regional and racial inequalities which are purposely planned in dictatorships, and which may exist to some degree in a democracy, constitute a major challenge to democracy itself. In a dictatorship the school is used to inculcate an unquestioning faith in and obedience to the "rules handed down from above." The individual is molded to think and to act in the ways deemed desirable by the state. But a democracy can exist only when there is freedom to learn, freedom to cultivate the intellect, to pursue the quest for truth, and to make this truth widely known.

<sup>1</sup> National Resources Committee, *Problems of a Changing Population*, U. S. Government Printing Office, Washington, D. C., 1938, p. 193.

The order and stability of every society depend on the degree to which members of the group share the same beliefs and participate in common ways of life. The democratic society is faced with the problem of maintaining its unity, while at the same time its members are allowed to differ with one another with respect to certain issues. Some people believe, therefore, that democracy must follow the dictatorships in using the school as an agency to indoctrinate its pupils with a common outlook on life. In fact,

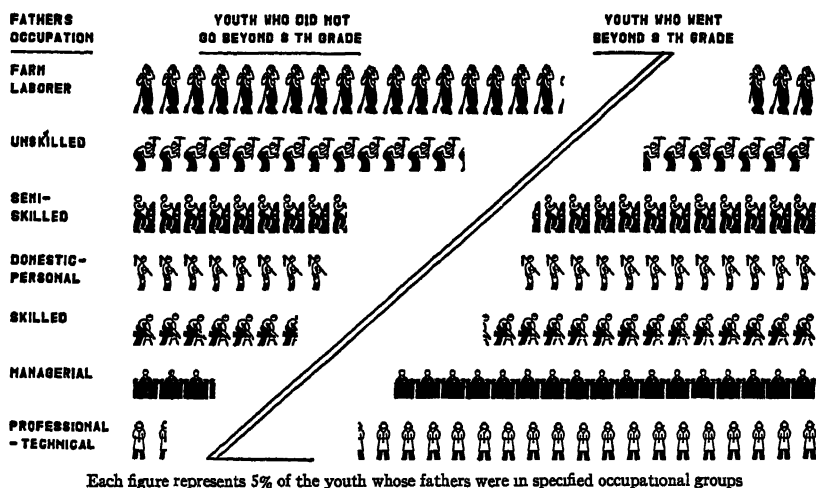


FIG. 15. RELATION OF FATHERS' OCCUPATIONS TO THE AMOUNT OF EDUCATION THEIR CHILDREN RECEIVED

From Howard M Bell, *Youth Tell Their Story*, American Youth Commission, American Council on Education, Washington, D C, 1938, p 59.

their view asserts that the school cannot remain impartial and objective try though it may; therefore the school must take the initiative in molding the thoughts and actions of the individual. In recent decades, such democracies as France, England, and Switzerland have acted in accordance with this philosophy. The highly centralized school system served the state in glorifying the history of the nation. This type of education has been termed "training in citizenship" or "civic education."<sup>1</sup>

Another viewpoint regarding the relationship of education to democracy repudiates the above-mentioned position. The "pro-

<sup>1</sup> Charles E. Merriam, *The Making of Citizens*, University of Chicago Press, Chicago, 1931.

gressive realist" holds that the school must teach the student to analyze the social order critically. The school is to be the instrument for freedom of discussion, based on objectivity and experiment. The school is to help in the work of planning the future society, but should not serve to bring about a society already "planned" by the party in power.

Under a dictatorship, there is no desire to make the individual think for himself. A critical view of the operation of the social order is avoided and even penalized. Instead of regarding the individual and his happiness as an end in itself, the dictatorship state deems it essential that the individual be subordinated to the cause of the state. Higher education is bent to serve the political ends of the state, and when individual scientists and scholars wish to devote themselves to pure research or to criticize the policies of the community they are dismissed, exiled, or placed in concentration camps. In fact the dictatorship state does not respect higher education as does a democratic state. As a result there have been many retrenchments in certain fields of higher education.

The traditional purposes to which the American educational system has been dedicated have been achieved only in part. No other nation has conferred educational benefits upon the individual as we have; yet our policies have led to an overemphasis on the personal and private values of education. There is great need for our educational system to provide adequate training in citizenship. This training must be in social understanding, and directed to a critical analysis of the ideals and operation of the democratic way of life. The ability or the inability of American institutions in general, and the educational system in particular, "to foster the spirit and methods of scientific inquiry may prove to be the decisive factor in the progress or decline of democracy."<sup>1</sup>

**The Expansion of American Education.** The rapidly changing American scene has brought perplexing problems for the schools and youth. Some decades ago, under rural-agricultural existence, the problems of life were relatively few and the education necessary to cope with life was likewise simple. With the industrialization of life, however, individuals are subject to more stress and strain. There are many more problems today which every individual has to face, and many of these problems are national in

<sup>1</sup> National Resources Committee, *op. cit.*, p. 251



scope. As a result, education must serve to deepen the social insight of the citizen so that he will be able to pass intelligent judgments on public issues. Since 1920 the urban population has exceeded the number of rural dwellers. The industrial processes of specialization and standardization which have accompanied the urbanization of our population have served to narrow the opportunities for youth to engage in life activities which are both economically productive and educational. Consequently, many young persons have been forced to choose between a routine, unskilled job, prolonged years of schooling, or idleness. In fact, the effect of industrial development in recent decades has been to reduce the employment opportunities of young people and has left them the latter two choices.

In the ages ten to fifteen, 6 per cent of the boys and 3 per cent of the girls were gainfully employed in 1930, whereas twenty years earlier the percentages were four times greater. Actually, there were fewer persons of these ages employed in 1930 than in 1870, although this age group increased in number by eight and a half million persons during that period. The depression also served to limit employment for youth; but even before 1930 persons aged sixteen to nineteen were finding fewer opportunities in industry. Labor unions have fought for increasing facilities in public education, partly because of humanitarian motives towards youth, and partly to maintain high wage levels for adult workers. Employers, too, are demanding more educational training of prospective workers. In a study made of employment policies in 190 different classes of industrial and commercial positions in Chicago, it was found that more than half of them required at least a two-year high school education.<sup>1</sup>

Another condition which increased the educational burden of the community was the growing social consciousness of the state governments. This has resulted in the prohibition of child employment. Since 1938, the Fair Labor Standards Act has committed the national government to a similar policy, though only the young persons engaged in economic activities involving interstate commerce are affected. For many years the states have enacted compulsory school attendance laws to make effective their child labor laws. Between 1852 and 1918 all the states passed such

<sup>1</sup> National Resources Committee, *op cit.*, pp. 195-196.

legislation. Many of these laws, however, have been meager and poorly enforced; nevertheless, this movement marks one of the major educational contributions America has given to the world. In the meantime, the school-leaving age has also been advanced. A quarter century ago, only three of the forty-eight states required school attendance to at least the age of seventeen; in 1936, there were twelve states in this category. The trend has been to extend the school years at both ends, going down to those aged six and up to those aged eighteen. In essence this legislation is a departure from the belief that the child is a concern only of his parents, and shows a recognition of society's responsibility for youth. In practice, this trend has meant that whereas in 1890 one child of every fourteen of high school age (fourteen to seventeen) was in high school, by 1936 two of every three boys and girls of high school age were enrolled. In recent years the automobile has contributed to this expansion by bringing the consolidated high school to rural areas. No doubt the depression accelerated this upswing, but in the main the movement has been a result of social forces rooted in American life. On the college level there has also occurred an increase. Only one in every twenty of college age was enrolled in 1910; by 1932 one out of every eight persons of college age was enrolled in college.

One of the social forces which has been operating to change the community's responsibility for education has been the changing population pattern. There were fewer children of elementary school age (six to fourteen years) in 1930 than in 1920. In all probability, this decline will become more noticeable by 1945 even for children of high school age. Expressing this in another way, there were more than 1000 children under eighteen years of age per 1000 adults aged twenty to sixty-nine years in 1860. This ratio had declined progressively, and it is predicted that by 1970 there will be fewer than 400 children per 1000 adults.<sup>1</sup> Since the burden for caring for youth will be made lighter with regard to numbers, society will be enabled to take a new attitude toward youth by extending the period of education and by enriching the type of instruction. Thus, one of the finest motives which "operates to delay the entrance of youth into gainful occupation and to increase school enrollments is the changing attitude which society is taking

<sup>1</sup> *Ibid.*, pp. 194-195.

toward youth and childhood as a period of development and adjustment. A better understanding of the meaning of infancy has made it clear that there are fundamental biological reasons why human infants require a prolonged period of growth and development. Society has come to regard the years of childhood not merely as a period of dependency but as a period for the development of the capacities of youth.”<sup>1</sup>

### MAJOR PROBLEMS IN AMERICAN EDUCATION

**Need for Curriculum Changes.** About fifty years ago our high schools were attended mainly by boys who were a rather select homogeneous group intending to prepare for the professions. From 1870 to 1930, our high schools were democratized to include girls as well as boys. From 1870 to 1930 the high school enrollment nearly doubled every decade. By 1936, the high schools had 6½ million students. One effect of such large numbers of students has been the pressure to adapt the curriculum to the varied needs of young people. Most of our high school graduates do not go on to college, and many of them are little interested in the traditional academic courses. This condition explains in part the fact that nearly a million youths drop out of high school each year without ever being graduated. It is becoming evident that the high school offering must be greatly reorganized if it is to serve the interests of its new type of student.

The Youth Commission of the American Council on Education has estimated that the persons aged sixteen to twenty-four years contribute one-third to the unemployed population. It is no wonder that youth, out of fear, confusion, and uncertainty, have sought to establish a basis for economic security through education. In the 1890's Charles W. Eliot recognized the existence of a varied student body and the need for establishing courses which were suited to the desires, interests, and the capacities of youth. The "elective system" which he proposed brought about a great increase in the number of courses offered in our high schools, especially in the fields of English, the social studies, commercial subjects, household and industrial arts, fine arts, and physical education.

<sup>1</sup> National Resources Committee, *op. cit.*, p. 195.

The mere multiplication of courses offered in our high schools, though, tended to create another educational problem. Students became bewildered by the growing number of special subjects, many of which were totally unrelated to other courses in the curriculum. As a result, there is a great deal of attention being given to the need for an integrated curriculum. In many quarters there are appearing "core" curricula which attempt to present to every student a complete picture of the major areas of human experiences: the humanities, and the physical, biological, and social sciences. Yet, further adjustments must be made in our educational practices. Many youths "are attending school not so much by a high faith in the value of education or by a driving intellectual interest, as by a sense of bewilderment and a vague notion that going to school is at least better than just 'hanging around.'"<sup>1</sup>

Some people believe that the extensions and adjustments made in our high schools have been unnecessary and undesirable. They believe that society has no obligation to provide the masses with free high school education. They propose that we abandon our system of free high school training for everyone, and return to the academic training of a small group of intellectuals. Undoubtedly, our high schools and our educational system in general have slighted the task of training for leadership, but it is inconceivable that the common man in America who has experienced the benefits of free public education will give up the idea. For a majority of the school children of this nation the facilities for physical education, health education, and recreation are extremely limited. Music and art are usually regarded as minor subjects and are eliminated when there is difficulty in meeting school budgets. One of the great needs of our schools is education for a variety of cultural and avocational activities. These activities should be fitted into the regular curriculum as well as into the extracurricular program. In fact, school buildings should be broadly defined to include facilities for public libraries and community-center activities of an avocational, educational, and recreational nature.

The majority of Americans appear to welcome the extension of educational opportunities; but even among these striking differences of opinion exist. Some would like to see the abandonment of the traditional academic subjects for vocational ones, even to

<sup>1</sup> *Ibid.*, p 199.

the point of establishing trade schools separated from the traditional high schools. Others see little value in training youth for specific vocations, and claim that industry should be responsible for such training. Several local experiments, however, seem to favor an "in-between" view. In answer to the demand to broaden the training of youth many concessions have been granted, although it seems certain that the American public will not consent to the segregation of some youths in strictly trade schools, while others attend the academic type of school. There appears to be little doubt, too, that technological changes will force a greater emphasis on vocational training, even if vocational courses appear in the academic schools. As machinery takes more and more of the skill away from the worker, laborers will find that vocational training for specific jobs accomplishes little good. Knowledge of the operations, skills, and habits of work basic to many occupations can be the worker's best assurance to fit into one job as well as another. Furthermore the type of vocational training which the schools will offer must be seen in the light of occupational trends. An important reason for the instability of employment opportunity is the rapidly shifting occupational pattern. The trend since 1880 has been away from the extractive industries, such as agriculture, mining, fishing, and forestry. Even for manufacturing occupations there occurred a 2 per cent decrease between 1920 and 1930. As a result, farsighted vocational guidance and training should be in the direction of the clerical, service, and professional occupations.

The need for vocational education in rural areas appears to be especially great. Many of our rural youth will migrate to our cities where they will face the problem of establishing a new basis for economic security. If the rural schools neglect to train the students in the occupational fields peculiar to the city, the problem of individual adjustment will be aggravated. Probably as important as this obligation is the task of the rural community to explore the vocational opportunities which might be developed even in the rural communities. In some respects, however, the educational problems of urban and rural communities are similar. The high schools everywhere in the country must provide a curriculum that will insure a general training as well as a vocational program. All youth have the fundamental need for education in

the social institutions of modern life. Youth everywhere share the common need of logical habits of thinking, historical perspective, and social participation in life situations. Perhaps the "cultivation of general intelligence is the best guaranty of social and occupational adaptability."<sup>1</sup>

There is a question about the ability of the present educational system to provide the necessary vocational training and guidance. The fact remains that such governmental agencies as the CCC and the NYA work projects have been expanded greatly to handle this task. Yet, no adequate institutional arrangement has been made to care for the unemployed youth. It may well be that the schools will not be called on to serve either the exclusive role or even an important role in the vocational training of our youth. Perhaps new governmental agencies can be coordinated with our present educational system so that the student will secure the advantages offered by both.

The complexities of modern life have made individuals more dependent upon one another. With the increased tempo and the highly specialized nature of life, the task of maintaining a healthy personality and an intelligence necessary to understand current problems has been made more difficult. We must remember that "men do not live by bread alone." Even a nation under dictatorship, like Germany, is able to provide its citizens with jobs. The American program of education must avoid the danger of making vocational robots of its citizens. Yet it cannot be said that our school systems have been a vital force in the creation of social intelligence. Teachers must be accorded freedom to discuss with their students (in the light of the intellectual maturity of the students) the issues confronting our society. The curricula should be designed to make students adept at handling problems objectively, and with a tolerant attitude. To make the student intelligent about the world in which he lives so that he will know what he is living for requires a better understanding of the essentials and ideals of democracy. It is less important that the American people should believe in the best solution of any particular controversial issue than that they should be able to understand what constitutes evidence and how evidence should be gathered. This means, above all, that it is not the function of the school to "press

<sup>1</sup> National Resources Committee, *op. cit.*, p. 212.

upon the student any specific formulas for the solutions of social problems.”<sup>1</sup>

**The Need for Adult Education.** The social changes which have led to the democratization of our educational system for youth have also led to an expansion in the field of adult education. Perhaps in the past the average adult could do very well in life with little formal education. The reason for this is that life was simple, it tended to remain very much the same year after year, and the solutions to problems were fairly well known and uniform. This situation is no longer true. The individual is called upon to make innumerable adjustments to changing conditions. As a result, education today means the passing on of a great volume of knowledge. For these reasons and the fact that many of our adults have had a meager formal education, it has become necessary to extend education into the adult years. Education for adults springs, too, from the increased leisure time due to the shorter working day. One of the most important trends in the twentieth century is the reduction of working hours in urban industry. The average number of working hours has decreased from 59.4 to 49.3 per week during the last twenty years, which means that more than ten hours have been added to the week's leisure time.

The chautauquas, lyceums, private correspondence schools, and training systems provided by private corporations have declined as avenues for adult education during the past fifteen years. During this period, however, the number of adults participating in some form of organized education increased by more than three million (to a total of fourteen million). The increase is accounted for by the growing popularity of public forums, evening schools, university and agricultural extension courses, and Americanization classes. The greater part of adult education is vocational in nature, which is a response to the technological changes in industry and the severity of the depression years. Over two million adults have been attending special vocational classes arranged by the federal government as a part of the unemployment relief program. However, many adults are not interested in vocational training as such, but in a general education which will provide an insight into world affairs. Furthermore, much of adult education is closely related to recreation. In many evening classes, adults pursue their

<sup>1</sup> National Resources Committee, *op. cit.*, p. 200.

hobbies or attempt to widen their social contacts. Some groups, including the Workers' Alliances, are organized on a political basis and attempt to impress the worker about his "right-share" in the economy. A decidedly growing field in adult education has been the participation in art groups, museums, forums, and public library study courses.

In view of the new trends in adult education, it is claimed that education is being redefined. Probably education can no longer refer only to the formal learning that takes place within the school-room. It is apparent that the radio, newspaper, and movies have supplemented the process of education. The newspaper, for example, contains such features as self-administered intelligence tests, legal advice, the rules of etiquette, and the nature and remedies of certain diseases. During the period 1924 to 1934 there was an increase of nearly five million in the number who listened to or participated in radio educational programs. These communication and service agencies are being relied on even by the schools serving youth. In times of epidemics, when schools are forced to close, school lessons are broadcast over the air. Many teachers find it helpful to make assignments based on certain movies, radio programs, or newspaper features. Though it might be expected that the field of adult education will continue to expand, the factors which will have a tendency to restrict this development are, first, the necessity of earning a living, which requires time; and second, the tremendous appeal of recreational activities.

**The Need for Personality Training.** An interesting though neglected aspect of education is its relationship to personality development. In recent years a growing trend has become apparent in the direction of entrusting the training of personality to the school. Many parents take for granted, or are little interested in, what the school does to develop the intellectual abilities of their children. More and more, parents are expecting that the school do something about the social life of the child. The ability of the school to assume this obligation is undoubtedly limited by the nature of the human trait we call "personality." Personality may be viewed as consisting of two "layers." The bottom layer consists of the basic stream of personality and is probably formed or fixed at an early age. This aspect of personality consists of the general way in which a person approaches others. Thus, some



people are aggressive, shy, courageous, meek, confident, or vain in their social relations. Insofar as the basic personality is developed early in life, the home contacts and the influence of the family members are felt greatly by the child. This, of course, does not mean that the school cannot influence personality at all. The top layer of personality is the particular social role which an individual plays in life. Without question, the school is of great importance in fashioning the career of the future doctor, laborer, or business man. Yet the tremendous increase in the enrollment in our high schools has placed an exceedingly difficult task upon the educational facilities in the accomplishment of this goal. We have traveled a long way from "Mark Hopkins on one end of the log and a boy on the other." Teachers who instruct classes of thirty to fifty pupils in each of four or five classes every semester find it difficult to know each student intimately enough to recognize capacities and personality traits which should be developed.

It is possible that the school will encompass more of the personality training and social life of youth if children will be taken into the school at the age of four, three, or even two. This trend will be further encouraged if the family continues to wish off the personality development function on the school. The big problem, though, which the schools will face is the availability of proper facilities to serve this objective. Yet education might become more efficient, and properly trained administrators, using refined psychological tests and equipment, may offer a partial solution.

**The Need for Structural Reorganization.** The history of each of the levels (grammar school, high school, college, and university) of the educational system demonstrates the lack of coordination among the educational units. As an example, our grammar school is a direct importation of the German *Volkschule* which was established to provide most of the population with only the rudiments of education. We have been able to extend the days of attendance per year, secure better trained teachers, and it is thought that the eight-year grammar school can be modified and shortened. Furthermore our school system was established at a time when training a relatively select body of students was the chief task. Since 1870 increasing numbers have attempted to scale the educational ladder. This growing student body exhibits wide differences in home conditions, financial status, and inherited capacities; and

these factors have led to incoordinations between the levels of the school system.

The modifications of each of our units of the school system, together with the introduction of the junior high schools and junior colleges, appear to be the answers for a better synchronization of the various school units. In this phase of the educational system further efficiency might be expected. We are told, for instance, that the Kansas City schools do as good a job in the educating of their young in twelve years as is done in the St. Louis schools (both cities are in Missouri) in fourteen years, because, in part, of better structural organization.

In this process of reorganization, in some sections of the country our secondary school is being pushed down to include the last two years of the elementary school and upward to include the first two years of college. This tendency is in conformity with the objective of having the secondary school provide a general education for youth. If the school-leaving age should be advanced above its present average level of sixteen years, it would mean that our present junior colleges could be better related structurally to our high schools. Thus, at the present time, in response to changing conditions many experiments are taking place in the structure of the educational system.

**The Need for Equal Educational Opportunities.** The most glaring and baffling problem which confronts our educational system is the vast difference in educational opportunities extended the youth of the nation. It is to be expected in a land of great size, with differences in geographic and climatic features and in natural resources, that some differences in education would exist. However, the inequalities in educational opportunity are not slight and if continued might play a significant role in creating sectional prejudices or a class or caste society.

The city has been thought of as the home of rationality and innovation. It is not surprising, therefore, that generally the city provides most of the technical and higher educational facilities. Small towns usually lag behind in establishing vocational, professional, night, and summer schools, special schools for defectives, and adult education. It must be noted, however, that such educational facilities as Americanization classes are needed most in the large cities; hence one would expect to find these facilities in the

cities. Despite certain advantages, many young people in the cities must leave school as early as legally possible in order to supplement the family income. Part of the difference in the quantity and quality of educational opportunities available in urban and rural communities is a reflection of the general tendency of city life to encourage experimentation, specialization, and professionalization. This condition is possible partly because of the relatively large numbers of people in cities. But these differences also indicate that the city has greater financial resources and is the place where pressure groups are able to break down the resistance to changes in antiquated institutions and practices.

In this day and age when internal migration has the effect of making the intellectual and cultural level of any region influence the development of other regions, the educational implications of population mobility are serious. "For good or ill, migrants enter into the social, economic, and political life of the communities in which they spend their mature years. They carry with them their knowledge or ignorance, their occupational adjustability or lack of it, their ability or inability to participate wisely in the determination of social policy."<sup>1</sup> Our urban populations which generally have the more advanced education are, on the whole, producing fewer children than are needed for replacement. The adults in our society with inferior education are more than replacing themselves. This means that the educational opportunities afforded many of our rural youth, who will be the cityward migrants, are markedly inferior. Their curriculum is inferior; their teachers have little training; and the percentage of their children of school age attending school, and the pupil expenditures are far below the national norm.

The differences and inequalities existing in educational opportunities between the various regions of America are due to a number of factors. The first, which has been indicated and is shown in Fig. 16, is the ratio of children to adults. In the southeastern states there are 603 children, five to seventeen years of age, per 1000 aged twenty to sixty-four (those economically productive); while the ratio is 336 : 1000 in the far western states. The ratio in the middle states is 423 : 1000.<sup>2</sup> This relatively high ratio in the southeastern

<sup>1</sup> National Resources Committee, *op cit.*, p. 211

<sup>2</sup> Advisory Committee on Education, *The Federal Government and Education*, U. S. Government Printing Office, Washington, D. C., 1938, pp. 9-10.

states is not a result of the high fertility of the Negro population, as is commonly supposed, for even among the whites in that region the proportions are almost as high. When it is realized that the distribution of child population in the Southeast is largely on the basis of rural communities, which are of low economic status, it becomes clear that the educational burden for this region is multiplied. It

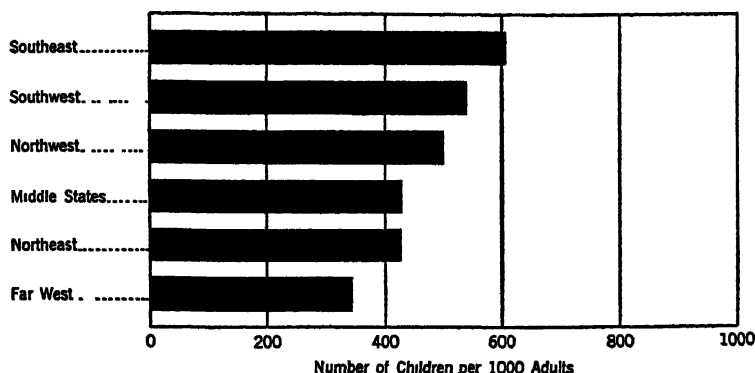


FIG. 16. CHILDREN 5-17 YEARS OF AGE PER 1000 ADULTS 20-64 YEARS OF AGE  
From the *Report of the Advisory Committee on Education*, U. S. Government Printing Office, Washington, D. C., 1938, p. 25.

must be noted, too, that the race situation in the South has brought its educational problem. The South maintains two school systems for its people. Duplication of school plants has worked to keep educational standards low.

The portion of the national income which each of the major regions in America receives (see Fig. 17) gives additional evidence of the variations in educational opportunities. The southeastern states have 24 per cent of the nation's children aged five to seventeen, but only 10 per cent of the national income. This condition gives the middle states, with 26 per cent of the children and 28 per cent of the income of the nation, almost two and one-half times the educational advantage. In the Northeast the situation is even more advantageous, for with 29 per cent of the nation's children their part of the income is 42 per cent.<sup>1</sup> Specifically, these differences work themselves out in variations of teacher preparation, school attendance, length of the school term, and educational expenditures.

The differences in teacher training are indeed great. Although

there is an ample supply of teachers, the number of well-qualified teachers appears to be generally inadequate. One study<sup>1</sup> indicates clearly that teachers in the rural areas are far less adequately trained than teachers in larger centers. Accepting the standard of training for elementary school teachers as two years of college education, 62 per cent of open-country teachers fall below the standard, while 9 per cent in cities of over 100,000 population are below standard.

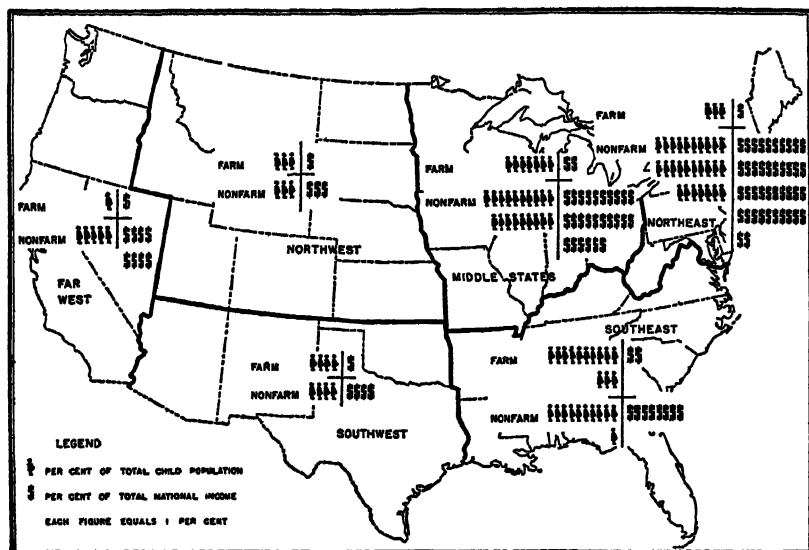


FIG 17. REGIONAL PERCENTAGES OF THE CHILD POPULATION AND OF THE NATION'S INCOME, BY FARM AND NON-FARM COMMUNITIES

From National Resources Committee, *Problems of a Changing Population*, U. S. Government Printing Office, Washington, D C, 1938, p. 206.

A similar picture prevails in the case of supervisors, administrators, guidance specialists, school librarians, and educational research workers. The explanation of this situation concerns such factors as: (1) the chronically low salaries in most areas; (2) tenure in many areas is not very secure; and (3) selection of teachers has not always been made on a merit basis. During the depression years 1930-1934, teaching became "relatively more attractive than formerly because of the unsatisfactory conditions in other occupations. In most of the states there has been a significant improvement in the

<sup>1</sup> E. S. Evenden, G. C. Gamble, and H. G. Blue, "Teacher Personnel in the United States," *National Survey of the Education of Teachers*, II: 42, 1935.

quality of the teaching force,"<sup>1</sup> although in some areas reductions in school budgets meant the hiring of poorly trained teachers. It is generally agreed that improvements in teacher training can be made by (1) establishing sufficient facilities for practice teaching under supervision; (2) giving more attention to the methods of teacher training in higher institutions; (3) supplanting the traditional highly specialized two- or three-year professional curriculum for teacher training by a program of broad cultural training; and (4) state and federal aid to local areas so that school budgets will be adequate to attract the highest type of teacher.<sup>2</sup>

Thus, "in some settings, education becomes a vital, stimulating intellectual process, while in other situations it remains formal, routine, and dissociated from daily life — with teachers holding 'jobs' and pupils attending merely by grace of the truancy officer."<sup>3</sup> When we consider, too, that the trend of internal migration of the United States has been from the rural areas of the South to the northern cities, we know that many young people are destined to be further handicapped because of the demands which their new communities will impose.

Another educational problem grows out of the way that our schools are controlled. Ever since the pioneer days in the New England colonies, the township form of settlement established the precedent of local control over education. In fact, the controversy over the locus of school control in the Constitutional Convention (1787–1788) ended with the agreement among the delegates to have the new Federal government keep its hands off education. Thus, the control of schools has remained a matter of state or local concern. Since the early years of the depression (1930–1933), however, this policy has been under fire for several reasons.

When a number of states, especially in the rural South, were compelled to close their schools because of lack of funds, the population and income variations described above stood out in relief. Then too, when we started to realize that this area of great natural increase was the source for many of our city recruits, the educational implications were raised to a national level. It became apparent

<sup>1</sup> Advisory Committee on Education, *Report of the Committee*, U. S. Government Printing Office, Washington, D. C., 1938, pp. 60–62.

<sup>2</sup> *Ibid.*

<sup>3</sup> National Resources Committee, *Problems of a Changing Population*, p. 194.

that if the rural southern states were to extend educational opportunities to all their youth, the states' incomes would not suffice. On the other hand, in eight states in the northeastern and middle states only 30 per cent of the available tax resources of the states would have been sufficient to meet the school budget. In the Southeast, the income of the total population per child aged five to seventeen was little more than \$1000 (in 1929); and in the Northeast the

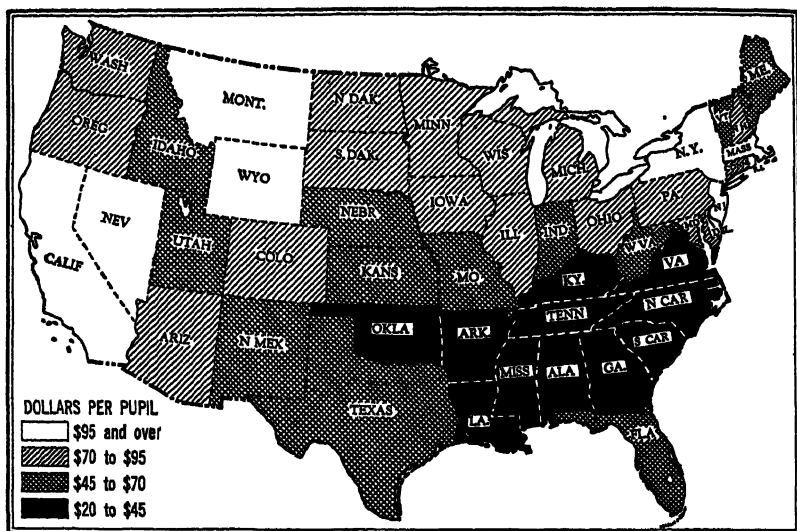


FIG 18. CURRENT EXPENDITURES PER PUPIL IN AVERAGE DAILY ATTENDANCE IN THE VARIOUS STATES, 1935-1936

From Advisory Committee on Education, *The Federal Government and Education*, U. S. Government Printing Office, Washington, D. C., 1938

sum was in excess of \$4000. These striking differences in the ability of states to support their schools are more marked when it is recalled that in 1930 the cost of education for each child aged five to seventeen over the country as a whole was \$58. The average in the Southeast was \$24.40, or less than one-half that of the middle states (\$65) and the northeastern states (\$63). (See Fig. 18.)

There is much evidence to show that the meager educational opportunities offered in the rural South are not the result of lack of effort to raise resources. Generally, the poorer states in the United States, marked by low educational standards, are putting forth the most effort to finance education. Other states whose standards are among the top need not, and do not, tax themselves

anywhere near the maximum amount of their economic resources. To mention an example, the tax resources which could be made available for educational purposes were \$1625 per pupil in Delaware, and only \$30 in South Carolina. Yet Delaware spends \$60 per pupil, or makes a 4 per cent effort; while South Carolina spends \$23 per pupil, which represents a 77 per cent effort.<sup>1</sup> In addition, school funds have been used for relief purposes, and state school distributive funds have been pared or diverted to other uses. These practices have reduced the economic resources available for educational purposes.

The one-room rural schools often aggravate the difficulty in securing adequate financing of education. There are many thousands of school districts where the number of board trustees' outnumber the pupils. The distress may be further appreciated in the fact that often a one-room rural school contains one, or at most a few, students. The annual expenditure for educating these pupils frequently runs up to \$750 per pupil, or an amount sufficient to educate twenty to twenty-five students in larger schools. Undoubtedly the movement towards consolidating many of these small schools will result in more intelligent and adequate financing of education. Transporting pupils by school busses from their scattered places of residence, while constituting an additional item of cost, does make possible more adequate centrally located school facilities.

Before any implications from the above analysis can be stated, one other aspect of financing education must be emphasized. Any effort to determine the relationship of the ability of a state to finance its schools and the state's actual expenditures for education should take into account the source of tax income. Our public school units were established in a predominantly agricultural economy, in which the principal source of wealth was real property. The constitutions of many states were adopted in the early part of the nineteenth century and provide for the raising of income to maintain schools from taxes on land. At that time the funds were adequate. Furthermore, education was a simple affair largely supplied by the family, the chief social institution. The processes of the Industrial Revolution have changed the concentration of ownership of wealth in the last

<sup>1</sup> Newton Edwards, *Equal Educational Opportunities for Youth*, American Council on Education, Washington, D. C., 1939, pp 111-119.



100 years. The importance of this from the point of view of education is that one state, for instance, under its original constitution taxed only real property. When that state revised its constitution in 1870, both real property and personal property were to be taxed. At the present time in that state, there exists roughly thirty-two billion dollars of personal property and only eight billion of real estate (a four to one ratio). The eight billion dollars are being taxed to the extent of about 85 per cent of the school costs. The inequitable tax laws place a heavy burden upon those who own real property. (See Fig. 19.) Some authorities claim that the remedy lies in the rigid enforcement of the existing personal property tax laws. The best thought on the subject is in favor of taxing incomes for educational purposes.

During the depression years these financial troubles were so aggravated that some states took over from their local areas the entire task of financing education. It appeared that the movement towards a larger school-financing body, such as the state, was inevitable. In other instances even the states were helpless. The Federal government was called upon to help finance education. Some experts claim that since many areas will require federal aid, the central government should use its "purse-string" control to take the power over education in its own hands. We have seen, however, that the traditional American theory of maintaining and controlling schools has been that of local (state, county, township, or municipal) control. The problem, therefore, becomes threefold:

- (1) Should the Federal government help finance public education?
- (2) If so, should each of the states receive equal proportions?
- (3) Should federal aid lead to central government control over education, or should federal grants be given to localities with no strings attached?

Congress is being asked for \$500,000,000 to aid the states in elementary and secondary schooling to cover the years to 1945. The amount would begin at \$60,000,000 and increase \$20,000,000 each year. It has been estimated that such expenditures would be less than 2 per cent of the present annual federal budget.<sup>1</sup>

The interest of the Federal government in education is not new. In the Morrill Act of 1862 Congress provided a grant of 30,000 acres of land from the public domain for each representative and

<sup>1</sup> Advisory Committee on Education, *op. cit.*, pp 18-19.

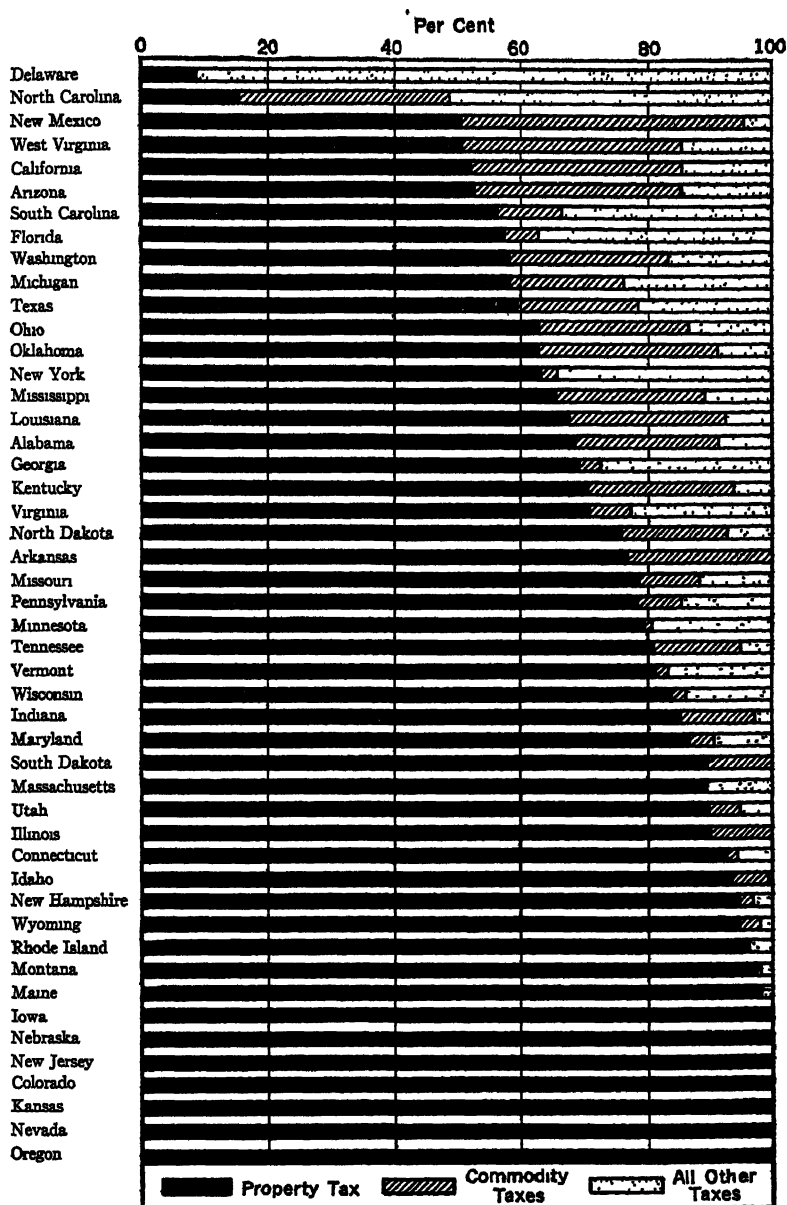


FIG. 19. PERCENTAGES OF STATE AND LOCAL TAXES AND APPROPRIATIONS FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS DERIVED FROM PROPERTY TAXES, IN THE VARIOUS STATES, 1935-1936

From Clarence Heer, *Federal Aid and the Tax Problem*, The Advisory Committee on Education, U. S. Government Printing Office, Washington, D. C., 1938, p. 43.

senator of the several states to be used for the establishment of agricultural and mechanical arts colleges. At present there are sixty-nine land-grant colleges in the United States, of which twenty-four are independent, twenty-eight are connected with universities, and seventeen institutions are devoted to the education of Negroes. The land-grant colleges maintain agricultural experiment stations, provide resident instruction, and agricultural extension services. The most important contributions, perhaps, of the land-grant colleges have been the development of rural leadership (namely, 4-H clubs), and the coordination of regional effort through national leadership.<sup>1</sup>

Federal grants to the public high schools during the past twenty years have promoted an intensive vocational education program. More than \$21,000,000 annually is being spent in local school districts for training in home economics, trades and industries, the distributive occupations, agriculture, and the training of teachers for these fields. The Smith-Hughes Act of 1917 was enacted primarily to provide aid for vocational education, and is essentially a 50-50 matching plan between the state and federal governments. This legislation was supplemented by the George-Deen Act of 1936, which includes plant-training programs and extends benefits to the District of Columbia.<sup>2</sup>

Another growing educational problem concerns the privately endowed universities. In recent years a number of private schools of higher learning have found their incomes dwindling because of lowered incomes from real estate and investments. Furthermore, fewer people have been establishing general, unrestricted education endowments. At the same time, many state colleges and universities have secured larger budgets and new buildings have been constructed under the PWA program. As a result, state universities are able to offer attractive salaries and to secure professors and research scholars from the private universities. The University of Chicago is the outstanding example of a privately endowed university which has felt the pinch of a reduced income. In the face of the difficulty, President Robert M. Hutchins has sounded the rallying cry for the support of the Midwest's great center of

<sup>1</sup> Advisory Committee on Education, *Land-Grant Colleges*, Staff Study No. 10, U. S. Government Printing Office, Washington, D. C., 1939.

<sup>2</sup> Advisory Committee on Education, *Report of the Committee*, pp. 75, 80, 94.

higher learning. President Hutchins is emphasizing that the support of a few great private universities will work for the welfare of the larger community and democracy, for the privately endowed university can remain free from politics and, above all, supply the leadership in higher learning and research.

**Trends in American Education.** In summarizing the educational challenges which America now faces, we have noted that (1) the basic changes in the nature of our economy and patterns of social relationships have forced upon us a new conception of youth and a new attitude toward their role; (2) the pressure of social forces is bringing about a necessary reorganization in the structure of our educational system; (3) a chief challenge to the perpetuation of democracy is the need for a reorganized, integrated curriculum to enable young persons to achieve a general, intensive view of our cultural heritage, and to train and adjust natural capacities to an occupational role; and (4) the solution of the inequalities of educational opportunity between our rural and urban children will prevent the continuation of practices which tend to create class, racial, and sectional differences and prejudices.

There are forces at work both within the educational system and in society in general which are influencing trends toward: (1) an increasing enrollment; (2) an expanding and modified curriculum; (3) a program for personality training; and (4) greater efficiency.

In the future children may go to school at the age of one or two. The chief resistance to a lowered school-entering age is the cost involved. However, the increasing proportion of married working women and the decreasing amount needed for the smaller elementary school body might offset this possible obstacle. In the elementary school, not much of an increased enrollment may be expected, for in a great many parts of the country nearly everyone of grammar school age is in attendance. Yet in 1930, 800,000 children in the United States between the ages of seven and thirteen were not going to school at all. Attendance of those of high school age will reach the peak by 1945, but an additional increase can come from the third of high-school-aged youth who are not in attendance. Each year, of late, nearly 900,000 young people drop out of high school without being graduated. Caution should be exercised in predicting an increasing enrollment on the college level, which appears to be the most rapidly growing of all the units of the school

system. Many people offer resistance at every turn when school costs are increased. The attempt to finance junior college education based on compulsory attendance will undoubtedly be met by vigorous opposition. In addition many young people would prefer employment to further education in order to secure a measure of economic independence and to enter into marriage.

Practical courses may be expected to find a larger place in the school curriculum although academic subjects will not be replaced or separate vocational-industrial schools widely established. Some preparation must be afforded for effective participation in occupational life. Curricula will represent an integration of materials necessary for a general education, and will make provision for vocational training for those who will not pursue formal education beyond the high school. The vocational training should be of a broad type, giving emphasis to principles and processes basic to industry and commerce.

We may also expect a growing tendency to make the school responsible for a greater share in the personality training of the young. Undoubtedly the school will be limited in its ability to serve well in this respect because personality formation takes place early in life, and the family is still very important in this realm. In fact, one might expect that society will establish a number of outside agencies to supplement the school in training youth. If this should happen it would imply that society feels that the school is not capable of handling an increasingly complex task alone.

It seems logical to expect the general movement for greater efficiency to influence the schools. First felt in business and now being felt in government, this movement will sooner or later find its way into the school in such forms as (a) a better synchronized school structure, (b) an integrated core curriculum, and (c) a great extension of schooling in rural districts. Perhaps the Federal government will be the leading agency in this trend because of its financial power, but there is no certainty about this. One big factor which will have untold effects on education is new inventions. Television, facsimile reproduction, the long record, and other communication inventions might revolutionize education as we know it today. These inventions can bring about a declining need for teachers, a different kind of schoolroom setup, the possibility of securing the best teachers in the country for any schoolroom use, and a redefined

role of the teacher. Yet one need not expect these inventions to be brought into use in the schoolroom swiftly and suddenly, for even today the schools seem to be lagging behind in making the most use of such an invention as the motion picture.

### TERMS TO BE UNDERSTOOD

"dual" school system	core curriculum
<i>lycée</i> and <i>écoles primiers</i>	vocational education
Latin grammar school	adult education
"unit" school system	<i>Volksschule</i>
civic education	secondary schools
"progressive realists"	local control of schools
"elective" system	

### QUESTIONS FOR DISCUSSION

1. Discuss the statement: A democracy is torn between the need of keeping its citizens agreed and unified on certain ideals, and the obligation to tolerate discussion and varying points of view
2. If the high school student body is not so homogeneous as was that which attended high school in 1890, what significance does this have for (a) curriculum making, and (b) for structural organization of the educational system?
3. Granting that the schools should do something about the students' vocational life, at what level would you start this training? Would you establish separate trade or industrial schools?
4. What arguments would you raise (a) in defense of, and (b) against the plan that the Federal government's aid to education go entirely to the rural areas of the nation?
5. There has been a great deal of talk about the obligation of society to provide educational opportunities for adults. What would be the arguments in favor of this proposal? Do you think, on the other hand, that the adult must shift for himself?
6. How would you answer the statement: "The purpose of our educational system should be to teach the younger generation how to adjust themselves to the world in which they live"?
7. What are the forces operating to extend public educational facilities into (a) the higher age groups; (b) the lower age groups hitherto not served by public education?
8. Mention some of the activities carried on by public schools today that would have been regarded as unnecessary frills in your parents' school days.

### FOR FURTHER STUDY

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## THE FAMILY

The fact of social change referred to in the initial chapter of this work has not left the institutions of marriage and the family unaffected. Indeed, the impact of changing conditions is perhaps more marked upon these basic institutions than upon any others.

Despite the number and intensity of attacks upon the family in recent times, it is still the matrix out of which personality develops. The family provides the first institutional control, and because it stamps the new individual with the culture of his group, it insures the continuity of collective existence. These considerations make it imperative that we try to understand what is happening to the family in our day, and what the future might portend.

It is proposed in this chapter to examine, first, the conditions which are thought to have given rise to domestic institutions and which might condition their continued existence; second, the efficacy of the family; third, the changing functions of the family; and finally, some of the major problems of the family.

**Marriage and the Family Defined.** Before we launch into a discussion of these topics it might be well for us to understand what is meant by the term "family" and the term "marriage." By "family" we mean a system of relationships existing between parents and children. For a family to exist there must be at least two generations present. The simplest family consists of one parent and one child who need not be biologically related at all, for responsible adults (even unmarried adults) may adopt children and thus establish families. Childless marriages, strictly speaking, do not constitute families.

The families of the preindustrial epoch were frequently "compound" or "augmented" families, that is, they included the wider kinship circle: grandparents, uncles and aunts, and cousins. The shift to an industrial social organization brought with it the small family system which includes only the parents and their children. Large cities militate against the persistence of large family systems,



for houses are small, rents and living costs high, and in the city apartment there are only limited facilities for the care of the aged and the sick.

The term "marriage" refers to a more or less permanent union between male and female. Such unions may assume any of several forms. The accepted pattern in Western civilization is monogamy, that is, marriage with one person at a time. In other cultures, some form of polygamy or plural marriage is often the accepted form. For example, polyandry (one wife with many husbands) is the accepted form among certain Eskimos tribes, whereas many Oriental peoples practice polygyny (one husband with many wives). The student should realize, however, that there is no best or right form of marriage, that each form has emerged to suit the conditions and needs of a particular people, and that the form which works well for one people will not necessarily suit all other peoples.

**The Origin and Antiquity of the Family.** How and when did the family and marriage originate? The answers to these questions for the most part lie buried in the unwritten records of the past, but whatever light has been thrown upon them by research may have a bearing upon our estimate of the family's ability to survive the disintegrating influences of the general and rapid social changes of our time.

Anthropologists can come to no general agreement as to how and when marriage and the family originated. The older scholars tended to vacillate between a patriarchate and a matriarchate theory — that the family emerged under the dominance of the father in one case, and of the mother in the other case. Preceding the emergence of a definite family organization, however, it is thought that there existed a period of communism of women, although there is no general agreement on this point.

Modern students of the problem of the origin of the family have preferred to forego speculation on primitive forms in favor of an examination of the forms which the family has assumed among our "contemporary primitives." They are agreed that all "nature peoples" today have some form of family organization, ranging from the four-or-five-member families of the Maoris to the clan-families of the Iroquois Indians. Among some African tribes the family does not exist as a legal institution, but there is a very definite family organization within each of these tribes — which suggests

that even in the "primitive horde," as described by early anthropologists, families might have existed. The graves of Neanderthal and other early men have yielded evidences of funerary offerings, suggestive of family influences. It is an interesting fact in this connection that zoologists report separate families living within animal herds.

The families of our contemporary primitives contain all the essentials of the families of civilized peoples: there is cohabitation of certain socially qualified persons and a corresponding taboo upon sexual unions among others not so qualified; there is some degree of seclusion; there is a division of labor; and the members assume distinct roles.

**The Efficacy of Marriage and the Family.** How well has the family worked in the satisfaction of basic human needs? Whatever the time and form of the original family, one thing is certain: it arose on the basis of group trial and error and in response to basic human needs. At least two such needs are evident: the need for satisfaction of the sex appetites, and the need for providing an environment suited to the rearing of children. It is in the fulfillment of this latter need that the partners to a sex union continue to live together, so that "marriage is therefore rooted in the family rather than the family in marriage."<sup>1</sup>

That the family is continuing to satisfy basic needs rather successfully is evident from a glance at the following table, which shows that marriage is still quite popular with the American people.

The slight decline in the number of marriages per 1000 of the population since 1927 probably reflects stringent economic conditions, and is therefore perhaps indicative of a cyclical (short-time) rather than a secular (long-time) trend. The table does make clear, though, that the popularity of marriage among Americans has declined but little despite the talk about the increasing divorce rate.

A comparison of marriage rates in the United States with those of countries having a similar population composition as regards age and sex is reassuring. In 1925 there were in the United States 10.35 marriages per 1000 of the population. The corresponding figures for such stable countries as Great Britain and Germany were 7.7 and 7.1, respectively.

<sup>1</sup> Eduard Westermarck, *History of Human Marriage*, 3d ed., The Macmillan Company, New York, 1929, pp. 19 ff. By permission of the publishers.

TABLE XVI<sup>1</sup>  
 NUMBER OF MARRIAGES PER 1000 OF THE POPULATION FOR  
 SPECIFIC YEARS 1887-1931

<i>Year</i>	<i>Number per 1000 Population</i>
1887 . . . . .	8 67
1900 . . . . .	9 32
1910 . . . . .	10 28
1920 . . . . .	11 96
1925 . . . . .	10 35
1926 . . . . .	10 32
1927 . . . . .	10.16
1928 . . . . .	9 87
1929 . . . . .	10.14
1930 . . . . .	9 15
1931 . . . . .	8 55

Students of the family have been insisting these many years that this basic institution still functions with a high degree of efficiency — which is somewhat surprising in view of the high mortality rates of our religious, economic, and industrial institutions, and in view of the terrific obstacles which the family has had to surmount, such as powerful sex urges, human selfishness, and the human tendency to dodge responsibility, to mention only a few.<sup>2</sup> In this connection it is well to remember, too, that institutionally reared children are considered inferior to home reared children from the standpoint of social adjustment and imagination.

**The Changing Functions of Marriage and the Family.** The functions performed by marriage and the family vary with different cultures. Among the Trobriand Islanders, marriage and the family are primarily devices for conferring social status upon individuals. Among the Chinese, marriage and the family have the function of perpetuating the family line and the family tradition. The American colonial family, among other things, was organized to wrest a livelihood from the soil.<sup>3</sup> The functions of the family, then, vary with time and place, so that the motives for the establishment of a family in an earlier day may no longer be adequate in a later day.

<sup>1</sup> Bureau of the Census, *Marriage and Divorce*, Washington, D. C., 1932.

<sup>2</sup> E. B. Reuter and J. R. Runner, *The Family*, McGraw-Hill Book Co., New York, 1931, p. 63

<sup>3</sup> See Rex M. Johnson, "Motives in Marriage," *Social Forces*, 17 249-255, Dec., 1938, for a brief but meaty discussion of this point

Indeed, if marriage and the family come to serve no necessary function, their disappearance as social institutions would seem to be assured.

The change from single dwellings in small communities to tenements and apartment houses and furnished rooms in large cities, the change from a domestic industry to the factory system, the rise in the status of women and their employment in industry — all these changes have made the retention of many of the historic functions of the family difficult. Of the historic functions of the family — the regulation of sex activities, the care of the sick, such domestic functions as cooking and the washing of clothes, the educational, religious, protective, and affectional functions — of these only the first and the last remain to any extent, and even these have changed in the sense that they have undergone an intensification, as we shall have occasion to note later.

The family has been surprisingly sensitive and responsive to changing conditions. It is this sensitivity and responsiveness which might, in the final reckoning, insure its persistence. The same forces which have dispelled many of the functions of the family have operated to make the psychological functions increasingly important.

As our culture becomes more and more complex, and our social contacts more and more impersonal, the individual becomes decreasingly dependent upon the esteem or disesteem of his fellows. Inasmuch as we are still reared in a familial environment, the chief characteristics of which are intimacy and personal recognition, sympathetic response becomes a basic psychological need. This need for recognition, response, and affection was at one time mediated by such agencies as the church and local community as well as by the family. With the shift to secondary and impersonal contacts the family alone tends to remain as the only agency capable of meeting our psychological needs effectively. It is in the family that we are most sure of finding intimate companionship and recognition. It is in the family that affection and intimate response will most likely be forthcoming. It is in the family that we can take off our masks and let down and be ourselves, so to speak. It is in the family that we can find escape from the monotony and superficiality of a life which travels on an impersonal level.

It is this expansion in the importance of the psychological

functions of the family which makes intelligent selection of marital partners imperative. If people are marrying more for personal satisfaction than they ever were before, as Havelock Ellis, Bertrand Russell, and others are telling us, how necessary that they be well matched if stability in family relationships is to be achieved.

**Some Problems of the Family.** Students of history are well aware that the family in Western cultures has never been without its problems. In the transition period in which we live, however, there is reason to believe that familial problems have increased both in number and intensity. So many new problem areas have appeared that certain students have despaired of the family's survival.

*The Declining Birth Rate.* Mass childlessness is a phenomenon of the twentieth century. On the basis of an examination of the census data for 1930, Ogburn has estimated that no-child families make up 53.3 per cent of all Chicago families, and an additional 26.5 per cent were one-child families. The comparable figures for the rural population were 20.2 per cent and 22.3 per cent, respectively.<sup>1</sup> If we need approximately three children per family merely to keep the population at its present level, then it is clear that the urban families are not contributing their share of the population. We are becoming increasingly dependent upon the rural families for the maintenance of the nation. If the city population, due to selective influences, is superior to the rural population, then the childlessness of urban families becomes a serious problem.

That the declining birth rate is not merely a recent trend is to be inferred from the census reports. The Bureau of the Census data show a decline in the size of the American family from an average of 5.6 persons in 1850 to 3.4 persons in 1930.

*Housing the Family.* A large proportion of our urban families are poorly housed. Squalor and dilapidation, congestion and filth, make up too large a picture of the average American metropolis. A tour of any large city will be enough to convince anyone that the much-heralded federal housing programs are inadequate by themselves to meet the need for housing. Figure 20 shows that in Chicago the construction of new homes lags far behind the number of new families every year. The chart takes no account of the houses condemned and torn down every year.

<sup>1</sup> William F. Ogburn, "The Family and Its Functions," *Recent Social Trends in the United States*, McGraw-Hill Book Co., 1933, p. 684.

Perhaps the most thorough investigation of the housing situation in the United States was that conducted by the Works Progress Administration during the years 1934-1936. This study, which included more than two hundred urban areas scattered over the entire country, revealed that a large proportion of the dwellings

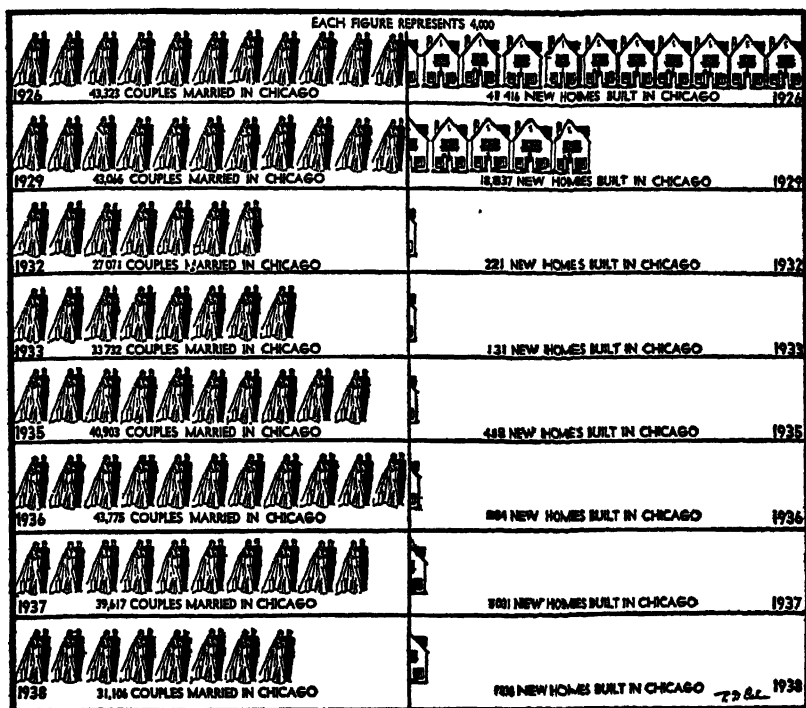


FIG. 20 NUMBER OF MARRIAGES IN CHICAGO COMPARED WITH NUMBER OF NEW HOUSES AND APARTMENTS CONSTRUCTED, 1926-1938

From *Chicago Sunday Tribune*, April 23, 1939.

available for the use of the low-income groups are definitely substandard as judged by the absence of sanitary facilities, unsafe condition of the physical structure, overcrowding (more than one person per room), and the presence of extra families (doubling-up). In summary, the survey revealed that of all the dwelling units studied, 15 per cent had no private indoor flush toilet, 20 per cent had no bathtubs or showers, over 40 per cent lacked central heating equipment, 17 per cent were overcrowded, about 5 per cent had extra families, 16 per cent (exclusive of New York City) were in

need of major repairs or were unfit for use, about 40 per cent were in need of minor repairs, and only about 40 per cent were rated as "good."<sup>1</sup>

In an investigation of the housing situation in Chicago, the Chicago Housing Authority was surprised to find that many families with moderate incomes were living in slum quarters, simply because they could find no others within the limits of their incomes. Nor was the Chicago Real Estate Board able to find quarters for families in this group at a price they could afford.<sup>2</sup>

*Family Incomes.* Social workers are inclined to rank friction over money as one of the chief causes of domestic discord, and it is true that domestic discord tends to increase in times of economic stringency.<sup>3</sup> These considerations lead us to ask, "Is the income of the American family adequate for its support?" The evidence suggests that it is not. In a study on *Income and Standards of Unskilled Laborers in Chicago*, Leila Houghteling revealed that two-thirds of the nondependent families involved in her study were living on incomes below a standard (\$1588 per year) set up by the social agencies of Chicago for dependent families;<sup>4</sup> this was before the depression. Some idea of how closely the income of the American family approximates this budget for dependent families may be gleaned from the following chart. Of course, some allowance must be made for changes in price levels since the formulation of the standard budget.

Figure 21 tells us that in 1935-1936 approximately four-fifths of all American families had incomes of \$2000 or under; two-fifths had incomes below \$1000.

Recent studies suggest that the poverty of millions of American families must be ascribed to causes other than thriftlessness and shiftlessness. Food, clothing, and shelter alone take three-fourths of the dollar of the average family. Thus it is almost impossible

<sup>1</sup> Works Progress Administration, *Urban Housing: A Summary of Real Property Inventories Conducted as Work Projects, 1934-1936*, U. S. Government Printing Office, Washington, D. C., 1938, pp. 4-8.

<sup>2</sup> The Chicago Housing Authority, *Manager and Builder of Low-Rent Communities* (pamphlet, 1937), pp. 8-10. See pp. 11 ff. for information on overcrowding.

<sup>3</sup> For a more detailed discussion of this point see J. M. Reinhardt and G. R. Boardman, "Insecurity and Personality Disintegration," *Social Forces*, 14, 240-249, Dec., 1935; and Ruth Shoule Cavan and Katherine Howland Ranck, *The Family in the Depression*, The University of Chicago Press, Chicago, 1939.

<sup>4</sup> Cited by Meyer F. Nimkoff, *The Family*, Houghton Mifflin Co., New York, 1934, p. 299.

for most families to save a cent. More than this: two out of every three Chicago families having incomes below \$1000 a year spend more than they earn.<sup>1</sup> These findings gain partial confirmation from other data which indicate that living costs are consistently keeping abreast of wage gains.<sup>2</sup>

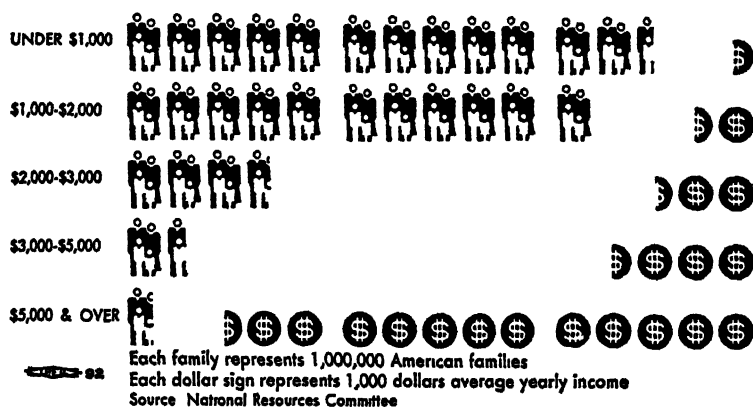


FIG. 21 AMERICAN FAMILY INCOME, 1935-1936

Supplied by the American Federation of Labor.

Perhaps the most authoritative study of family incomes in the United States is that made by the National Resources Committee, which presents data to show that approximately 80 per cent of all American families had incomes of \$2000 or less in 1935-1936. The following table presents a more accurate picture of income distribution among these families:

TABLE XVII<sup>3</sup>

NUMBER AND PERCENTAGE OF FAMILIES WITH AN ANNUAL INCOME OF \$2000 OR LESS, BY INCOME GROUPS

Income	No of Families	% of Total
Below \$500 . . .	4,216,000	14.3
\$500-\$1000 . . .	8,088,000	27.5
\$1000-\$1500 . . .	6,762,000	23.0
\$1500-\$2000 . . .	4,266,000	14.5
Totals . . .	23,332,000	79.3

<sup>1</sup> See Maxwell Stuart, *How We Spend Our Money*, Public Affairs Committee, New York, 1938.

<sup>2</sup> These data were gathered by the Northwestern National Life Insurance Company and summarized in *The Chicago Daily News*, Jan. 3, 1939.

<sup>3</sup> National Resources Committee, *Consumer Incomes in the United States*, U. S. Government Printing Office, Washington, D. C., 1938, p. 3



**The Family in Rural and Urban Life.** Enough has already been said to suggest that the family invariably reflects the type of culture of which it is a part. It should be expected, then, that the rural family will be somewhat different from the urban family, and such is indeed the case. Just as rural society tends to be more stable than urban society, so is the rural family more stable than the urban family. Separations are less frequent, the divorce rate is substantially lower, and marriage occurs earlier and more frequently. The reasons for these differences are to be found in the role which the family plays in rural social life. On the whole, the rural family has a more central place in the life of the individual and the community than does the urban. The rural family, and particularly the farm family, is still pretty much of an economic unit in a productive sense. Each member is assigned a definite role and a share in the responsibility of production. Each must contribute in some way to the welfare of the family. Moreover, members of rural families participate more and more fully in common home activities. More time is spent in the home, especially in the evenings and on week ends. The daily round of activities brings the members of the family into constant cooperative contact with each other. Recreational activities tend to be more spontaneous and noncommercialized. The baser forms of commercialized recreation and vice which, in the urban environment, go so far to provide the opportunities for sex liberties and kindred forms of behavior detrimental to marital and familial adjustment rarely exist for the ruralite. All in all, and from the standpoint of family stability at least, these things more than offset such defects of the rural familial environment as the scarcity of social and medical services, the narrowing effect of such great dependence of the personality upon one social institution, and the absence of conveniences.

**Family Disorganization.** By "family disorganization" is meant a breakdown in the unity of the family. The unity of the family might be destroyed either by death of one or both parents, or by domestic discord which, if severe enough, might lead to separation, desertion, or divorce. The removal of a parent by death does have serious consequences for the children, inasmuch as the degree of parental supervision and care is reduced considerably. However, there are some who contend, and on the basis of research, too, that the home broken by death is not likely to be nearly so disastrous in

its effect upon child personality as was once believed, and that the home broken by domestic discord is to be accounted the more dangerous.<sup>1</sup> For example, E. H. Shideler found that, whereas children from homes broken by divorce represent but 2.2 per cent of all children under fifteen years of age, boys from such homes constitute nearly 14 per cent of the population of reform schools. This means that, when allowances are made for the higher delinquency rate of boys, children of divorced parents contribute at least four times their quota to the delinquent population.<sup>2</sup> The child in the home broken by death is not faced with the continued uncertainty and insecurity which confronts the child in the home disrupted by discord.

The extent of family disorganization can only be estimated. On the basis of the census of 1910 it seems that about one-fifth of all homes with children were broken in some way that year: 16 per cent of them by death and 3.3 per cent by desertion or separation. More recently, W. F. Ogburn has estimated that the proportion of broken homes in the "incomplete" families group (wife forty-four years old or younger) is about one in every seven or eight families.<sup>3</sup> About one in every six families with children loses one parent by death.

Desertion, the irresponsible departure of a parent from the home, has been erroneously called the "poor man's divorce." It is true, to be sure, that desertion is more frequent in the low-income group, but the evidence suggests that it is a moral holiday rather than a divorce, inasmuch as the huge proportion of the deserters return to their families. Among the causes of desertion, marital discord, interference of relatives, differences in cultural backgrounds of the mates, the influence of companions, and racial and national attitudes toward marriage stand out as the more important. In the United States, the desertion rate for Negroes is substantially above that of the whites, but since the Negro is also massed in the lower income groups, his greater desertion rate would appear to be a function of socioeconomic status rather than of racial peculiarity.

<sup>1</sup> Mabel Elliott, *Correctional Education and the Delinquent Girl*, Harrisburg, Pa., 1928, pp 26-28, Clifford Shaw and Henry McKay, *Social Factors in Juvenile Delinquency*, pp 261 ff; Edwin H. Sutherland, *Principles of Criminology*, 3d ed., 1939, pp. 158-160.

<sup>2</sup> "Family Disintegration and the Delinquent Boy in the United States," *Journal of Criminal Law and Criminology*, VIII: 715 ff., Jan., 1918.

<sup>3</sup> Nimkoff, *op. cit.*, pp 698-690.

From the standpoint of immediate family welfare, neither separation nor divorce is as serious as desertion, for in separation and divorce there is usually some provision for the care of dependents.

"Divorce" is the term applied to the legal termination of a legal marriage. The divorce rate in America has been increasing steadily since the end of the Civil War. The increase since 1887 has been approximately 3 per cent per annum. Nimkoff points out that from 1887 to 1932 the population of the United States increased 211 per cent; the number of marriages also increased 211 per cent; but the number of divorces jumped 610 per cent.<sup>1</sup>

It is often inferred that inasmuch as we have approximately 16 divorces for every 100 marriages performed in any given year, the chances of success in marriage are only about 6 to 1. Really, the chances may be much greater, for some marriages undone in any given year were contracted in previous years. A better way to compute the chances of success in marriage, therefore, would be to find the ratio between the number of marriages contracted in a given year and the number of those same marriages which were undone by divorce.

Whereas it is true that urbanization appears to make for divorce (the urban rate is twice that of the rural), a number of factors are operating against divorce. The number of divorces decreases, for example, as the number of children in the family increases, and also as the marriage increases in duration. These facts indicate that divorce is more a problem of marriage than of the family.

Does the increasing divorce rate indicate an intensification or increase in domestic discord? Probably not! It is more likely a reflection of the general weakening of religious and ethical controls and of the liberalization of ecclesiastical attitudes. Of course, domestic discord in some form or other is basic to divorce; but such friction, like the poor, has always been with us. What we want is the greatest degree of individual happiness consistent with the social welfare, and for many people divorce is one means of achieving this end.

**Family Reorganization.** It would not be wise to conclude this discussion of the family without some reference to the forces and movements directed toward the security and stability of the family. In no society is institutional change a one-way process; and so in

<sup>1</sup> Nimkoff, *op. cit.*, p. 436.

our own country much is being done to counteract the disintegrating influences which operate upon the family.

On the economic front, the growing system of pensions represents a signal advance. The old-age pension systems which now operate in many states are designed to keep families intact to the end. The mothers' pensions paid by some states do much (where the amounts paid are adequate) to preserve the home broken by the death of the father, and in some states by desertion or imprisonment of the father. This promising movement was initiated as a result of the White House Conference on Child Health and Welfare, 1909, which formulated the principle "The home is the best place to rear a child — preserve it!" Since that time all states but two have adopted some system of mothers' pensions, although in only a few of the western states are the amounts paid sufficient to preserve the home from disintegration.

Prior to the depression, a few American manufacturers adopted the plan of paying wages to married workers on the basis of the size of the family, and although the depression forced a cessation of most of these practices, it is probable that they will be reinstated voluntarily in the not too distant future.

On the psychosocial front, the stabilizing influences are even more promising. Already, much competent work is being done by the case-workers of the many family welfare societies and other social agencies, and the hope is general that this sort of service might be expanded.

Courts of Domestic Relations are as yet in their experimental stages, but already some of them are making noteworthy contributions to family stability. The Court of Domestic Relations of Dayton, Ohio, through its Reconciliation Department, has been able to "solve" about 20 per cent of the cases of domestic friction which come to its attention. This record is probably much higher than the average for such courts, but improvements in efficiency wait upon the improvement in the training of the personnel and in the technique used.

The Family Guidance Clinics of European countries do much the same kind of work as the better courts of domestic relations. The establishment of such clinics in this country is getting under way.<sup>1</sup>

<sup>1</sup> For a summary of this approach see Emily Hartshorne Mudd, "Youth and Marriage," *The Annals of the American Academy of Political and Social Science*, 194: 111-118, Nov., 1937.

Their practice is to provide discordant mates with opportunities for medical, psychological, and psychiatric examinations upon the basis of which advice and counsel are given.

Legal attacks upon the problem of family disorganization follow the pattern of improving the legal safeguards of marriage. Such bits of legislation which result in the abolition of common-law marriage, the raising of the legal age for marriage, medical certification for marriage as is provided in the law of Illinois, for instance, the requiring of advance notice of marriage, and the revision of divorce laws represent worthy contributions to family stability.

Finally, a "preventive" approach to the problem of family disorganization is not altogether impractical, even though little has been done in this direction as yet. The emphasis here would be upon the preparation of youth for the problem of marriage and family responsibility. This means getting at people before their marital choices are made, and stressing the importance of such things as sound physical and mental condition, and a properly disciplined emotional nature, for successful marriage. The efforts of such students as Burgess and Cottrell <sup>1</sup> to devise ways and means for the prediction of success or failure in marriage are also worth noting in this connection. These might yet make a genuine contribution to the stability of marriage and the family should they achieve the requisite degree of refinement and acceptance.

### SOME PROBLEMS OF YOUTH

**What Is the "Youth Problem"?** The essential problem of youth today is a lack of adjustment to a highly complex socioeconomic environment. When our parents were young, the techniques of adjustment were still fairly well standardized and effective. Our fathers needed little education; they were almost sure of jobs when they finished eight or ten grades of school; and they married early without any fear of economic insecurity. We, however, are in an age of transition. The social stability our parents enjoyed is no longer with us, and we are finding it increasingly difficult to find a place in society. Our youth are confused and bewildered, and in many cases apathetic. They are browbeaten and scolded by the moralists and the uplifters for their participation in the forms of

<sup>1</sup> Ernest W. Burgess and Leonard S. Cottrell, *Predicting Success or Failure in Marriage*, Prentice-Hall, Inc., New York, 1939.

recreation which an older generation devised. It is little wonder that young people are so often rebellious and disgruntled to the extent of becoming a youth problem to their elders. Thousands of books, monographs, and magazine articles have appeared in recent years on the "Youth Problem."<sup>1</sup> In this section we shall discuss a few interdependent aspects of the youth problem laying stress upon population trends, the sociological aspects, and finally closing with a brief discussion of the "Youth Movement."

**Population Trends.** For some time America has experienced a rather rapid and steady decline in its birth rate. In 1800 the white birth rate was 55 per 1000 of the population. By 1938 the rate had dropped to 16. In 1935 there were a few more than twenty-one million Americans between the ages of sixteen and twenty-four. It is estimated that this age group will reach its peak by 1944, after which there will be a steady decline because of the falling birth rate. Table XVIII shows that already the proportion of youth is smaller than it was some years ago.

TABLE XVIII<sup>2</sup>

## AGE TRENDS IN THE UNITED STATES

THE CHANGING PROPORTION OF EACH AGE-GROUP, 1850-1980

1850	1900	1940	1980 (Estimated)	
5%	over 60	10%	20%	4 times as many old people
43%	20-60	55%	55%	More people of working age
52%	under 20	35%	25%	One half as many children

<sup>1</sup> See Louise Arnold Menefee and M. M. Chambers, *American Youth: An Annotated Bibliography*, American Council on Education, Washington, D. C., 1938.

<sup>2</sup> National Forum chart.

Some far-reaching implications grow out of these population facts as they relate to the youth problem: In the first place, there are fewer children enrolled in the elementary schools. In the second place, the peak enrollment in the secondary schools will be reached, under normal conditions, about 1944. Finally, inasmuch as the population is becoming more adult, the ratio of employables to the total population is increasing steadily.

The urban birth rate is decreasing much more rapidly than the rural. In fact, the cities are not producing their quota of the population and must constantly draw upon the country to replenish their numbers. It is clear that those sections of the country which make the greatest contribution to the population are, economically speaking, least able to provide adequate programs for the care and education of youth. In other words, the burden of rearing children falls most heavily upon our rural population. This fact has an important bearing upon the problem of educating and training youth for employment.

**Youth, Sex, and Marriage.** In recent decades many forces have operated to delay the age of marriage. The shortage of jobs has made marriage and homemaking extremely hazardous, while at the same time there has been a progressive lengthening of preprofessional and professional courses of study — a fact which has also contributed to delayed marriage. That this trend has not been without its psychological, physiological, and sociological effects is attested by the recognition given these aspects of the problem of delayed marriage in recent literature.

While forces have been active to prolong the age of marriage, there has been no decrease in the sex stimuli presented youth by the variant forms of recreation, commercialized and noncommercialized. In the face of these considerations we should not wonder if sex freedom were to increase; and indeed there is some evidence to indicate that it has.<sup>1</sup>

The Freudian psychologists have made it abundantly clear that complete sexual repression may lead, in certain cases, to mild forms of mental and nervous disorders. On the other hand, sexual freedom is also fraught with its hazards, inasmuch as it militates against normal marital adjustment. Dr. Roy Dickerson, a noted authority

<sup>1</sup> For a review of this evidence see Una B. Sait, *New Horizons for the Family*, The Macmillan Company, New York, 1938, pp 541-548.

on the sex problems of youth, pointed out in a recent lecture that successful marital adjustment involves the ability to make contact at three points in the person of the other: the physical, the mental, and the spiritual. Petting and other forms of illicit sex behavior tend to destroy, or at least blunt, the sensitivities, inasmuch as participation is on the physical level only. The inevitable feeling of guilt and shame which accompanies a violation of the sex mores prevents participation on the spiritual level and impedes later marital adjustment. Terman's findings are significant in this connection. In his study of *Psychological Factors in Marital Happiness*, Terman found that the husbands and wives who had engaged in adolescent petting did not rate their marriages to be as successful as did those who did not participate in such behavior.<sup>1</sup>

On the sociological side of the ledger the case against sexual freedom is no less strong. The notion that illicit sexual relations are "secret" can be entertained only by the naïve. Boys get much ego-expansion out of boasting of their conquests, as most college students well know. The desire to make new conquests and the desire for intragroup recognition is perhaps most responsible for the free bartering of girls' names in the men's lounges.<sup>2</sup>

Sex promiscuity in all of its forms may, and often does, have serious effects upon health. In addition to the neurotic symptoms which may follow from the building up of the nervous tensions by sex play, there is still the possibility of venereal diseases. Says Dr. Thomas Parran of the United States Department of Public Health:

We know today that syphilis is primarily a disease of youth; that more than half of all those whom syphilis strikes, it strikes before the age of 25; that more than a fifth are infected with the disease before they reach the age of 20, and that more than 11,000 per year are infected before the age of 15. We know that in addition to these figures for acquired infections, 60,000 babies are born in the United States every year with congenital syphilis; thus our rate for congenital syphilis alone is twice as high per thousand of our population as Denmark's rate for syphilis of all types.

. . . Every year 518,000 new cases appear for treatment. . . . Every year 598,000 advanced cases which had never before had medical treatment report for first treatment<sup>3</sup>

<sup>1</sup> Lewis M. Terman, *et al*, *Psychological Factors in Marital Happiness*, McGraw-Hill Book Co., New York, 1938, pp 238-240.

<sup>2</sup> Geraldine Courtney, "Immorality in Our Schools," *Forum*, 98: 129-133, Sept., 1937. A good discussion of this point.

<sup>3</sup> Thomas Parran, "Syphilis: A Public Health Program," *Science*, 87: 149-151, Feb. 1938.



It might be well to remember that the figures cited by Dr. Parran are for one venereal disease only, and that when all are included, the picture is far worse.

The student will doubtless be interested in the fact that statistical data show that men tend to become infected with venereal disease prior to marriage; women after marriage. The estimated rates of infection for the United States are 4.86 per thousand of the population for women, 10.01 for men, and 7.46 for both sexes together.

Young people are often misled into believing that the presence of venereal disease in a person can be detected by any of a number of simple popular tests. The truth is, of course, that its presence can be detected only by careful laboratory tests by a competent specialist.

The above considerations indicate that young people could be served (and could serve themselves) more effectively by the provision of such recreational activities as hiking and other forms of group activities, to take the place of the sex-stimulating activities common to some forms of commercialized recreation.

Informed people recognize the sex impulse as a normal appetite. If this basic drive cannot be satisfied in accordance with socially accepted patterns, then an increase in sex freedom must be accepted as inevitable. No amount of moralizing and criticism of youth will solve the problem of delayed marriage. It is the duty of every society to recognize the basic needs of its members and to provide institutions to control their gratification. This is what every society does, of course; but when conditions change rapidly, some time must elapse during which trial and error responses are made before new and adequate institutions are evolved. Companionate marriage, trial marriage, and subsidized marriage as these have been tried and proposed from time to time belong to the period of social trial and error of our age.<sup>1</sup>

**The Youth Movement.** It is the attempt on the part of youth groups to achieve some sort of functional relationship to the prevailing culture that has given rise to the so-called "Youth Movement." Inasmuch as modern youth wish to be creators of culture in their own right, they are not accepting the practices, beliefs, and standards of an older generation as docilely as did their fathers. The Youth Movement, then, refers to a conscious, organized effort on

<sup>1</sup> See, for example, G. Parkhurst, "Shall Marriage Be Subsidized?" *Harper's Magazine*, Nov., 1937, pp. 570-578.

the part of youth groups to discover ways and means of adjusting youth to the complexities of our culture. As yet there is no single movement or organization in America which includes most of its youth and which engages in the study of the problems of youth. The nearest approach to such an organization is the American Youth Congress, which is a federation of several youth organizations. Its basic principles are

. . . the maintenance and extension of civic rights, racial and religious liberties, opposition to militarism and war, the betterment of economic conditions of American youth through the support of the trade union movement and social legislation.<sup>1</sup>

Apart from the activities of the American Youth Congress, the various youth organizations in America have no single dominant ideal, perhaps because they are confused and bewildered by the complexities of the problems that face them. If such confusion and bewilderment exist, they will lay any youth movement open to exploitation and control by political parties, as has occurred in Germany and Italy. The force of this possibility becomes apparent if it is considered that in this country in each presidential election approximately eight and one-half millions of youth become eligible to vote. If these were to vote as a unit, they could control any election.

Youth-serving organizations and agencies are not a part of the Youth Movement, whether they bear the word "youth" in their official titles or not. These are organizations *for* youth, but not *by* youth; and although they usually manage to include an occasional youth in their convention programs, they are after all what Stanley High calls "hand-me-down" organizations (that is, attempts to control and direct youths from above — and from the purest of motives, of course) rather than spontaneous attempts on the part of youth to do something for themselves. Thus the NYA, the CCC, the YMCA, the Boy Scouts of America, the American Youth Commission and kindred organizations which unselfishly serve youth are not included in the Youth Movement.

These youth-serving agencies are important in any discussion of the youth problem because so many of them are attempting to serve youth during the gap between the time he leaves school and his securing of a job. Out of this desire to aid youth in this period of

<sup>1</sup> Quoted by Thomas F. Neblett, "Youth Movements in the United States," *The Annals of the American Academy of Political and Social Science*, 194: 148, Nov., 1937.

enforced idleness has arisen the "Youth Hostel Movement." The first youth hostel in this country was opened at Northfield, Massachusetts, in 1935, and since that time has swept on to the West coast. Through its services youth are enabled to travel over America in the summertime under supervision and at little cost.

Whether the Youth Movement in any of its phases will contribute materially to the solution of the problems of modern youth will depend much upon the extent to which youth itself is able to supply intelligent leadership. Certainly, the responsibility is as much theirs as society's.

### PROBLEMS OF THE AGED

The growing numerical importance of the aged in the population brings to the fore the need for the study of their socioeconomic and psychological problems. Although these problems are surely just as important as are the problems of youth, it is not our purpose here to discuss them exhaustively, but merely to indicate the type of problem which confronts the aged and to suggest the kinds of adjustment which these problems necessitate.

Whereas we once thought of the aged as those sixty-five years old and over, economic changes have today forced a redefinition of the aged. Economic old age now begins at about forty or forty-five. After that age it is difficult for people to find and hold jobs, and since most pension systems do not become operative until the person is sixty-five, a long period of dependency is apt to be the prospect for an increasing number. The obvious solution, of course, would be the provision of work opportunities by the Federal government for those thrown prematurely upon the economic scrap heap. In the meantime, however, scores of such folk are becoming dependent upon public charity or upon their children who, in all too many cases, are not able to shoulder added burdens without serious deprivation to their own families, leaving aside for the moment the impact upon family morale of interfering grandparents. The problem is not nearly so serious in the rural situation as in the urban. The rural grandsire in most cases can work virtually to the end of his days, and usually living space is not the problem in the farm home that it is in the city apartment.

In simple societies it has been the function of the aged to instruct and induct youth into the practices and principles of the group.

This function has conferred tremendous prestige and veneration upon the elders of almost every society. The rapidity of socio-economic change in modern civilized societies has operated to discredit the old. The techniques of adjustment worked out by one generation are no longer applicable to a later generation, and consequently veneration for the elders is replaced by impatience and amused pity — with crushing effect upon the ego.

That the aged in our society are coming to feel their displacement keenly is attested by the organization of older folk into conscious pressure groups. They realize that numerically they are a more important element in the population than ever before, and they realize, too, the difficulties of economic adjustment in a culture which sets a premium upon youth. The Townsendites, an organization of the aged, held their first convention in Cleveland, Ohio, in 1935. The main purpose of the organization was directed toward the establishment of liberal old-age pension systems by national and state governments. It is to be expected, however, that with the achievement of this goal other problems of the aged will come in for examination. Already the group has been instrumental in electing candidates to Congress, and its activities as a pressure group have rated at least one Congressional inquiry.<sup>1</sup>

#### TERMS TO BE UNDERSTOOD

family	divorce
compound family	promiscuity
marriage	desertion
polygamy	broken family
polyandry	family reorganization
polygyny	

#### QUESTIONS FOR DISCUSSION

1. Given a society in which there are three times as many women as men, what form of marriage would you expect to find? Why do we say that there is no universal best or right form of marriage and the family?
2. Is the efficiency of the family as a social institution increasing or decreasing? What evidence could you cite to support your answer?
3. Contrast the early colonial family with the modern urban family. What changes in functions have occurred since colonial times? Why are the psychological functions of the family increasing in importance?

<sup>1</sup> *News Week*, 6: 5-7, Dec. 28, 1935; 7: 9-10, April 11, 1936

4. How would you explain the decline in the birth rate, particularly in large cities?
5. The statement has been made that the housing of the family cannot improve until ways have been found of applying machine technology to the construction of new buildings. Discuss.
6. Contrast the role of the family in the life of the individual in the rural and urban environments. Why is the rural family more stable than the urban?
7. In terms of family disorganization, how would you account for the fact that the home broken by divorce is more serious in its effects upon the children than the home broken by death?
8. "Depressions contribute to family stability because divorces decrease in such periods" Criticize.
9. Which of the factors in family reorganization seems to you to hold greatest promise? Why? Do you think family stability would gain more from more stringent divorce laws than from stricter marriage laws?
10. In what specific ways is the environment of modern youth more complicated than that of their grandparents?
11. In what ways may the changing age-composition of the population be expected to complicate the adjustment of youth?
12. What are the sociological and psychophysiological hazards of moral looseness?
13. Why are the problems of adjustment more serious for the aged in urban society than in rural society?
14. Why is it difficult to organize the youth into a Youth Movement?

#### FOR FURTHER STUDY

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## CHAPTER IX

### PERSONAL MALADJUSTMENT

**Personal and Social Disorganization.** A well-known sociologist once said that a wholesome personality somehow manages to satisfy the fundamental human wishes (for security, recognition, love, and new experience), either in the waking state or, at least, in his dreams. This is essentially correct. A disorganized personality cannot be called wholesome. Such a personality does not solve the conflicts between contrary wishes that normally arise in his experience. He suppresses one wish in order to satisfy another. An organized person, on the other hand, is one who manages to satisfy the fundamental wishes by solving the conflicts that come along in one of a number of ways. One who has either lost the capacity for solving his conflicts, or has come to solve all conflicts in one particular way, is considered a disorganized personality.

Disorganized personalities, such as criminals, mendicants, tramps, drug addicts, alcoholics, or insane individuals, multiply in disorganized societies. Indeed, the number of these personalities in a given society serves as an index of the amount of organization that exists. The more of these personalities the less organization there is, and vice versa. That is because in a well-organized society human wishes are capable of satisfaction in a number of ways. In such a society, no one needs narrow his choices down to one particular solution. A disorganized society is one in which the normal forms of control no longer operate, the normal ways of satisfying wishes no longer are easily available. Thus a disorganized society promotes personal disorganization. When disorganized individuals multiply, they test the modes of control which a society must exercise in order to maintain itself. Hence disorganized individuals promote social disorganization.

A normal individual is one who, in a society like ours, can compete with his fellow citizens for the satisfaction of the basic human

wishes. In the paragraphs that follow we shall consider a number of social types of personality who have failed in their attempt to compete for the satisfaction of their wishes. The feeble-minded, considered first, are a group of individuals who do not know how to solve their conflicts and adjust themselves in a world of competitive strivings. The insane, considered next, have lost the capacity for solving conflicts, except in one way, by escaping from the competitive life which we must all face. The homeless individual solves his problem by leaving the community in which he belongs by birth or long residence. The mendicant solves his conflicts by exploiting the social traits of those who have been moderately successful in the struggle for goods and services. The drug addict and the alcoholic solve their conflicts by effecting an artificial state of pleasure (an "inner glow"), instead of trying to get normal satisfaction for their wishes in a world of social competition. Finally, the criminal is an individual who, though generally able to compete, is unwilling to do so. He is also unwilling to escape either bodily or mentally from his social environment. Hence his particular adjustment lies in wresting satisfaction from a reluctant society by a show of force, or cunning, or both.

**Types of Mental Disorganization.** The types of mental abnormality which we shall consider in this chapter are (1) the amentias, or types of mental defectiveness, or types of feeble-mindedness; (2) the dementias, or psychoses (as they are technically called) or the insanities (as they are popularly known); and (3) the psychopathic personalities. All these abnormalities have certain features in common. They are individual disorders or deficiencies. They have vast social implications. They show the extent to which social influences enter into individual adjustments, and prove to what extent the individual must be reckoned with in discussing social problems.

**Individual Differences and Mental Testing.** A recent study in a large American city brought out the fact that about 29 per cent of the pupils in the first grade of grammar school were not advanced enough mentally to start learning to read. In some communities as many as 42 per cent of the pupils were in this predicament. The importance of this fact to us is that it indicates the existence of individual differences in our population. This is not a new discovery. What is more, the belief that individual differences can

somehow be tested is not especially new. The earliest record of mental testing is found in Greek history.<sup>1</sup>

During the period of the Trojan war, a Greek named Ulysses paid no heed to the call to arms. He was visited by the authorities, and found plowing up the beach and sowing salt. Someone thought of a way of testing his mentality. His infant, Telemachus, was placed in the horses' path, as he kept on plowing. Ulysses quickly turned aside, and the test was regarded as conclusive.

The testing of human intelligence goes back many years. Francis Galton, in 1883, pioneered with a scale of mental measurements in England. J. McK. Cattell, an American psychologist, advanced the approach to the study of individual differences and in 1893 proposed to measure intelligence. Binet and Henri, French psychologists, constructed a crude intelligence test in 1895. It was not until 1905, however, that the first adequate test of intelligence was constructed by the Frenchmen, Binet and Simon. Binet, a psychologist, and Simon, a physician, conceived the idea of measuring human intelligence in terms of "mental age." If there is such a thing as physiological age, or economic (earning) age, or social (confirmation) age, or educational age, why not mental age? Preparing a series of verbal and motor performance tests, Binet and Simon standardized their tests by age groups, assigning each test a value in terms of mental months. The tests were arranged in such a way as to increase in difficulty year by year. The value of each test was one year, or twelve months, divided by the number of questions (or other tests) assigned to that year. The total number of tests successfully passed thus gave the subject's mental age in "mental months." Dividing the actual or physiological age in months by the mental age in months, Binet and Simon obtained a ratio showing the relation of the two ages to each other. Multiplied by 100, to avoid fractions, this ratio yielded an I.Q. (intelligence quotient) in round numbers.

$$\text{I.Q.} = \frac{\text{M.A. (mental age)} \times 100}{\text{C.A. (chronological age)}}$$

The Binet-Simon test is an individual test. It has been widely adopted, and in this country has been used in the Terman and Kuhlmann revisions, named after the psychologists who standardized them for American use. In group tests, that is, tests given

<sup>1</sup> F. L. Wells, *Mental Tests in Clinical Practice*, World Book Company, Yonkers-on-Hudson, N. Y., 1927.



to a number of people at one time, the tendency is to measure the responses which psychologists consider basic to human intelligence, and to assign the individuals tested percentile ranks, based on total scores instead of I.Q.'s. Percentile ranks show how the achievement of each individual compares with that of others of his age group, educational group, or social group.

Thus it is fair to say that intelligence tests, used as a criterion of individual differences, serve as a standard of measurement in terms of brightness units. Following is the usually accepted table of I.Q.'s and their technical, psychological equivalents.

TABLE XIX

<i>I.Q.</i>	<i>Psychological Designation</i>
0 to 24	idiots
25 to 49	imbeciles
50 to 69	morons
70 to 79	borderline defectives
80 to 89	dull normals
90 to 109	average normals
110 to 119	bright individuals
120 to 129	superior individuals
130 to 149	very superior individuals
150 and up	geniuses

On the basis of standard tests, it has been found that the following distribution of intelligence may be assumed for the entire population:

TABLE XX

<i>I.Q.</i>	<i>Per Cent of Population</i>
55-65	0 33
66-75	2 30
78-85	8 60
86-95	20.10
96-105	33 90
106-115	23 90
116-125	9.00
126-135	2 00
136-145	0 55

It is well to remember that I.Q.'s may change from time to time. The mental age may advance out of proportion to the

physiological age which, beyond a certain point, is considered constant.

**Criteria of Mental Efficiency and Deficiency.** There are no people who do not possess at least some intelligence. Intelligence means "ability," and ability in its simplest terms refers to activity. Since there are no individuals who do not act, there are no individuals who are not intelligent. Individuals do differ in degree of intelligence, and it is the degree that is important. Narrowed down to basic conceptions, intelligence implies four types of ability: (1) the ability to learn quickly, (2) the ability to perceive a situation as a whole (instead of partially and incompletely), (3) the ability to adjust oneself to a new situation, and (4) the ability to take and maintain a given direction. It is important to note that intelligence depends on applications to everyday life. It is primarily social in reference, receiving expression in general information, school work, economic proficiency, and even moral reactions.

By mental deficiency we mean an arrested or sluggish development of so-called "mental" abilities. This, of course, implies inability to meet socioeconomic demands in the way in which normal, efficient individuals meet them. In terms of mental age equivalents, it is of some interest to note the following grades of feeble-mindedness:

TABLE XXI

<i>Mental Age</i>	<i>Types of Feeble-mindedness</i>
0 to 2 years	idiocy (low, middle, and high)
3 to 7 years	imbecility (low, middle, and high)
8 to 12 years	moronity (low, middle, and high)

A low-grade idiot has a mental age of less than a year. He is relatively helpless, although he can walk. A middle-grade idiot has a mental age of one year. He feeds himself, but eats everything he can place inside the mouth. A high-grade idiot, mental age two years, eats discriminatingly, that is, he can tell food from nonedible objects. A low-grade imbecile, mental age three to four years, cannot work. He plays a little, and in certain cases may try to help others. A middle-grade imbecile, mental age five years, does only the simplest types of tasks. A high-grade imbecile, six or seven years old mentally, does tasks of short duration. He

will wash dishes, run short errands, dust around objects. A moron of low-grade type is eight to nine years old mentally. He does light work, makes up beds, scrubs, mends, lays bricks, cares for the bathroom. A middle-grade moron, aged ten years mentally, makes a good institution helper, and can be depended on for routine work. High-grade morons, eleven to twelve years old mentally, are in some respects a greater problem than those of lower mentality. They can do fairly complicated work with only occasional oversight. They can use machinery. They can care for animals on farms. They require no supervision at work, but they will not plan their work. It will be noticed that the concept of feeble-mindedness has definite psychological implications, determinable by test, and that a literary use of the concept is necessarily inaccurate.

**Extent and Causes of Mental Deficiency.** According to a report of the U. S. Bureau of the Census, the institutional population of epileptics and feeble-minded individuals of the country rose from approximately 62,000 to 109,000, between 1926 and 1936, an increase from 48 to 73 per 100,000 population. However, these figures do not include many mental defectives housed in private institutions and many who are kept in their own homes. On the basis of studies of various kinds, it has been estimated that the total number of feeble-minded individuals in the United States is in the neighborhood of a million. This is much less than some estimates, based on statistical surmises, have led us to believe. These surmises ran from nineteen to fifty million at one time. It is obviously incorrect to call one-sixth to two-fifths of our population feeble-minded.

To what can we attribute the causes of mental deficiency of so large a number of Americans as even one million? It is now generally believed that amentia in its various forms is due to a variety of causes. In some cases injury (trauma) at the time of birth is held responsible. Infectious diseases prevailing in the mother's body during the child's embryonic development may be causal. Disturbances in the endocrine glands (such as the thyroid, pituitary, and so on), toxic influences (alcoholism, lead poisoning, and the like), and malnutrition have been associated with feeble-mindedness. In all these cases, it will be noticed, the causal factor is presumed to influence the structures on which intelligence

depends, rather than to influence behavior as such. Low mentality has been assumed to be inherited through the germ plasm. Intelligence depends on a great many unit characters. To assume that all these factors are equally and simultaneously involved in a grand hereditary scheme is somewhat dangerous. Psychologists are now inclined to recognize that hereditary influences apply to the brain and nervous system, the endocrine glands, and so on, which may have an effect on intelligence. That intelligence as such is inherited is not considered likely. The studies of such families as the Kallikaks and the Jukes did not, as was thought once, establish a clear case for heredity. On the contrary, it is now believed that the work on these families left much to be desired; and that further research might show that environment had as much influence as heredity in those family histories.

**Social Aspects of Mental Deficiency.** The two primary elements found in feeble-mindedness are (1) arrested mental development, leading to the limitation of ability, or what psychologists call "performance," and (2) inability to meet the ordinary problems of life, leading to poor social adjustment. These elements do not imply that a mentally defective individual is not a member of society, or is not entitled to consideration as such. The truth of the matter is that much calumny and undeserved discrimination have been heaped on the mental defective, because of failure to recognize this simple truth. Mental defectives have some social intelligence, especially the imbeciles and the morons. They have vocational possibilities. They get married, and lead quiet family lives. They are not sexually dangerous, as a rule, in spite of what newspaper usage of the term "moron" leads people to believe. As a matter of fact, the feeble-minded are sexually inert, and in some stages even indifferent. It is true that those classified psychologically as morons make up a sizable percentage of the delinquents and criminals who are apprehended, thus reducing the average intelligence of prison populations in statistical studies. But they also make up a part of our unskilled, semiskilled and, to a lesser extent, the skilled labor group. No level of social occupation is completely free of those of moronic intelligence. Of course, the higher in the scale of achievement a particular occupation is, the fewer mental defectives may be expected to be found in it.

**Social Treatment of Mental Deficiency.** In the long course of human history, the feeble-minded received varying types of treatment. They have been abandoned to die, used as "fools" or jesters, allowed to roam about as ready butts for practical jokers, looked upon with superstitious awe, and treated as "possessed." Modern science and a democratic conscience have given us a better understanding of, and a more sympathetic attitude toward, the feeble-minded. The treatment of feeble-mindedness derives from this attitude. What it is in a given case depends on (1) what the family of the deficient individual is able or willing to do for him; (2) what the community tolerates or does not tolerate in the way of mental backwardness (that is, so far as schooling, vocational adjustment, and the like are concerned); and (3) the degree of mental deficiency which the individual shows on a mental test. The types of treatment applied in different localities, depending on existing laws and attitudes, may be (1) eugenic or (2) euthenic. The latter may be (*a*) custodial, when the individual is treated away from home, or (*b*) rehabilitative (educational), when the individual is treated at a school and continues to live at his own home.

A eugenic program is primarily concerned with the biological control of reproduction, aiming to prevent mental defectiveness in later years. Such a program calls for surgery in some cases and the prohibition of marriage in others. There are some state laws requiring this procedure today. A euthenic program depends on reeducation, in or outside of institutions. In general, most authorities today agree that states should

1. Determine who is feeble-minded, and how many feeble-minded individuals there are.

2. Require registration of all recognized defectives.

3. Place mentally defective children in special schools.

4. Supervise, assist, and adjust the under-cared-for mental defective.

5. Offer institutional care to idiots and imbeciles.

6. Provide colonization and parole to those responding favorably to training.

7. Segregate those not responding to training.

In this program, obviously, euthenics plays a dominant part. The hope of euthenics derives from several dramatic and historical cases of improvement, one of the most startling of which is that

connected with the name of a French physician, Itard. Itard's pupil, Seguin, who invented a form-board test of intelligence, toured the United States in 1848, and lectured on the need to find means of rehabilitating mental defectives. It took two or three decades for his teachings to bear fruit. A number of schools and institutions opened up in this country in the eighties. A number of diagnostic psychological clinics sprang up, the first of which was founded at the University of Pennsylvania by the psychologist, Lightner Witmer, in 1896.

Cooperating with special schools of all types, psychologists and psychological clinics carry on the work of diagnosis and training of mental defectives. The objective of training idiots is to make these individuals easier to care for at home. There is little hope of making all of them work for social ends. Morons, however, and even imbeciles, are trained to acquire balance and muscular coordination. They are taught to pick out colors, to discriminate sounds, to taste, smell, and touch discriminatingly. Speech training, training in personal habits, and the development of useful abilities are aimed at wherever possible. Some mental defectives do surprisingly well. Some even acquire special talents, and give promise of making unusual adjustments along one certain line. In any case, the provision of space and training facilities for mental defectives is definitely a state responsibility. Because of their number and the problem they present, the idiot and the imbecile are not our greatest concern in any case. The moron is. Lacking initiative, the moron is very suggestible. Suggestibility may lead him to crime. Simple outlets for morons, in useful fields, are urgently needed.

**The Criteria of Abnormal Behavior.** Amentia, or feeble-mindedness, refers to "lack of intelligence." This, as we have pointed out, is not literally correct, although it does imply an amount of ability which is less than that of normal individuals. The origin of the word is of some significance when compared to a related term, "dementia," or insanity, meaning "loss of intelligence." This also is relatively incorrect, because intelligence is never completely or irretrievably lost. Changes in intelligence, however, are expected in mental abnormalities. One of the striking changes shown on tests takes the form of "scatteration." That is to say, the individual's correct responses to the test are scattered. He does not show decreasing ability with increasing difficulty, as is normally the

case. Instead, he shows some ability on a low level and some ability on a higher level, with intermediate abilities apparently lost, suppressed, or changed.

Changes in intelligence are not the only symptoms of psychosis. Changes in emotional adjustment are prominent. The emotional life of the psychotic is obviously distorted. He shows either too much emotion or an apparent lack of emotion (level affect). Other symptoms are delusions and hallucinations. By delusion we mean a defect of judgment which is out of harmony with reality. Hallucinations are disorders of perception. They may arise in any sensory field: vision, audition, tactual sensation, and so forth. Hallucinations arise from within, as it were. The difference between hallucinations and delusions is not difficult to see. A delusion is a "false idea." For instance, believing that one is Napoleon is a delusion. An hallucination is a "false percept." For instance, "seeing pink elephants," is that. Along with hallucinations and delusions there is generally a lack of interest in the immediate situation, a relaxation of attention and of critical ability, a dispersion of thoughts, a tendency toward "invention," and what is called a "weakened sense of reality."

Psychoses, or insanities, sometimes take on bizarre forms. A psychotic in a hospital wrote a composition entitled: "Nothing Is Nothing." It consisted of one line: "O-No-Not-Nothing-Nothingness-Naughtiness-Naught-O." To the psychologist this may have definite meaning, and to the psychotic it undoubtedly does, but to the average human being it is meaningless. Occasionally the psychotic puts his thoughts clearly enough, but shows lack of organization or coherence. Following is a letter written by a patient to his relatives at home. He addressed them as "MPR," meaning Mater, Pater and Robert (his brother's name). The letter read:

Dear M P R

Does a count show here? Red, white, blue, yellow, green, that's the way to start. We have a display out window, in window. Towards Chappell we point noses. Not a month, and we'll have snow. Beard's my guardian, Charles Beard. The only thing, and I believe I mentioned it. I never did read him very much.

Maxwell Bodenheim, Joseph Auslander, tie that. Off I go. But glossary is the word. Id, ad, meter, rhyme, my entrails are cut and dried. This is tantamount, that fascism and Geneva must be accepted.

With love,  
XYZ

The writings of psychotics are not always as strange as this example would lead one to suppose. Below is a letter which appears reasonably clear and connected. Nevertheless it is just as revealing of mental disorder as was the previous note.

Mr. E Rex H R. H Emp.

X State Hospital

My dear husband, —

Your royal highness, please give some attention to the matter we discussed not so long ago

The walls and woodwork need cleaning very badly here. I'd like to do the work but — this soap is made of dead animal oils I believe — I wouldn't use it.

Am in need of some supplies we mentioned — and wish to plan for the preserving period — which is close at hand

Please see me soon.

Sincerely

your wife — Annora, P. R.

**Types and Causes of Mental Disorder.** Broadly speaking, there are two large groups of mental disorders: the organic and the functional. By organic types of mental disorder we mean those in which a localizable change in the tissues of the organism can be associated with the individual's mental condition. Examples are psychoses connected with syphilis, lead poisoning, endocrine changes, alcoholism, morphinism, and so on. By functional types of mental disorder we mean those in which there is no known or noticeable change in the constitution of the individual, the change being exclusively behavioral. Examples of this kind of psychosis are (1) dementia praecox (or schizophrenia), (2) manic-depressive (or circular) psychosis, and (3) true paranoia. It is of some value to remember that there are four kinds of dementia praecox or schizophrenia, that is, (a) the simple (characterized by those fundamental symptoms which are true of all psychoses, and which were described in the preceding section); (b) the paranoid (characterized by extreme suspicion and attitudes of grandeur); (c) the catatonic (characterized either by overactivity and destructiveness or by inactivity, negativism, and extreme indifference); and (d) the hebephrenic (characterized by peculiar, clownish, and infantile reactions).

The manic-depressive type of psychosis is called "circular" because it takes the form of alternating attitudes of depression and maniacal excitement. First comes excitement, then depression, then



excitement again. The psychosis called "true paranoia" is similar to the paranoid dementia praecox type of illness, but differs from it in that the emotional adjustments of a true paranoiac may remain intact, and the individual's intelligence does not appear to be affected. The chief characteristics are delusions and hallucinations, woven into a plausible pattern which is difficult to recognize as abnormal because of the intelligence and vigor of the individual involved. Some men who have figured prominently in the history of the world have been afflicted with this disease.

There are other types of psychoses. The American Psychiatric Association lists over seventy major types. There are also mixed types, in which diagnosis is very difficult. Mental abnormality is not easy to diagnose in any case, and it is still less easy to treat. Many puzzling problems remain to be solved. If organic diseases "cause" certain kinds of psychoses, why do many individuals afflicted with organic diseases show no mental disorders? On the other hand, there is no absolute assurance that structural changes are not involved in functional types of disorder. The prevailing attitude now is that both functional and organic psychoses depend for their causation on a certain type of development and its influence on later behavior.

As psychologists look at it, there are two kinds of causes to which psychotic disorders can be traced. One of these is known as "predisposing," and the other as "precipitating." Predisposing causes may be compared to an explosive substance conveniently packed into a ball, and lying dormant within the individual. Precipitating causes may be likened to a match which, when brought in contact with an explosive, sets it off and brings on destruction. Under predisposing causes, we list the infantile conflicts of the individual, which continue throughout life on an unconscious level. These lead to false impressions, false judgments, defective inhibition of impulses, defective emotionality, and defective social orientation. Thus delusions come into being. They lead also to hidden aggressions, hidden ambitions, hidden fears, hidden love aspirations for unattainable people. Thus hallucinations later spring up. However, serious disorders depend upon some factor to bring them into being. They do not flare up of their own accord. The factors immediately responsible we call "precipitating causes." Of these, we might mention a few considered typical:

1. Fatigue (continuous strain, lack of rest or sleep).
2. Disease (especially bacterial infection).
3. Pain (especially when long-continued and excruciating).
4. Physical injury, or hemorrhage due to some other factor.
5. Shock due to endocrine disturbance.
6. Drugs or alcohol.
7. Puberty, menopause, old age.
8. Failure in some vital venture.
9. Loss of acquired associations (money, friends, parents, or other relatives).
10. Loss of economic status or honor (bankruptcy, rape, and so on).

Illustrations showing how precipitating causes function are not hard to find. The last depression drove many individuals to hospitals for the insane. The European "war of nerves," late in 1939, almost doubled admissions to a London hospital for the insane within one week. Financial reverses, stock market crashes especially, have long been associated with increase of mental disease. Yet one must never lose sight of the fact that these precipitating causes are only secondary to the predisposing causes, which are basic to mental disorder in all cases.

**The Incidence of Mental Disorder.** What has been the general trend of mental disorders in this country? What has been the cost of mental disorders? What relation, if any, do age, sex, marriage, nationality and race, and finally locality have to the frequency of mental disorders? It is a somewhat startling fact that while the population of the United States has doubled within the last fifty years, the population of our hospitals for the insane has increased ninefold within the same period. This is true regardless of the fact that many cases are treated in private institutions, and many public charges are transferred from hospitals for the insane, after they have been declared incurable, to general hospitals, homes for the aged, and so on. In 1880 the number of patients in American hospitals was about 41,000. This has grown to somewhat over half a million in 1938. Statistics show that there are 554,000 beds in general hospitals, of which about half are filled. On the other hand, there are 570,000 beds in hospitals for the insane, and 96 per cent of these are filled. There are some 3000 psychiatrists, or physicians in charge of mental disorders, some 3600 nurses, and over 29,000 attendants in

the 506 hospitals for the mentally ill in this country. They admit almost 110,000 patients every year, and discharge about 85,000 patients.

The average length of hospitalization is three years per individual, but of course this varies with patient and illness. It was once supposed that there was greater probability of mental disorder at an early age, but Robertson, a psychiatrist, has found that there is a short decline in number of patients only at age fifty, and a steady rise until death. Sharp increases in frequency of commitment were noted at (a) the age of puberty, (b) change of life (menopause), and (c) the onset of senescence. In recent years, there has been noted an increase in aged patients in many hospitals. A large Illinois hospital recently reported that the aged made up 40 per cent of its population, an increase of 25 per cent within ten years. Much of the increase generally, and that in regard to aged patients especially, must be understood to be a result of the growing realization that mental abnormalities are diseases and also that there is a possibility of cure in many cases. There is a tendency to turn over to the state mentally ill relatives who were once tolerated at home.

The statistics dealing with sex distribution in hospitals for mental diseases show an almost equal number of both sexes. The odds are slightly in favor of the men. Psychoses associated with syphilis and alcoholism are more frequent in men than in women. In the manic-depressive group, women predominate — two to one. There is little difference so far as the schizophrenic group is concerned. The incidence of mental disorder, by and large, is greater in single than in married people. There are two reasons for this. First, there is less likelihood that those tending toward mental disorder will marry. Second, the marital state favors an adjusted type of life. In regard to nationality, it has been found that there is little difference between the children of immigrants and the children of natives, 34.9 per thousand being the first ratio, and 34.6 the ratio for the second group. Other statistics along this line appear to be spurious.

Very interesting findings were recently made in ecological studies of city zones in relation to psychoses. These studies, reported by H. W. Dunham and R. E. L. Faris, sociologists, brought out the fact that psychotic patients, classified in terms of residence in their original communities, tend to cluster near the center (oldest section) of the city. The highest rate for schizophrenia is found in Hobo-

hemia, rooming-house areas, and communities near the center of the city. Areas of social disorganization generally show higher rates than outlying areas, and this is true regardless of how they are located with regard to the center of the city. Manic-depressives are relatively more frequent in regions of higher rental, and schizophrenics in regions of lower rental, rooming houses, and slums. The findings on the organic psychoses are not as definite. However, these psychoses are found to harmonize with the distribution of poverty, delinquency, and venereal disease. Studies similar to those of Faris and Dunham, based on Chicago, were made in 1939 by various sociologists in Omaha, Milwaukee, Kansas City, St. Louis, and Peoria. The findings were substantially the same.

**Social Treatment of Mental Disorders.** A study made by Fuller, a psychiatrist, shows that 100 patients selected at random in the hospitals for mental diseases in this country are disposed of in the following way:

TABLE XXII

	<i>Per Cent</i>
Discharged with favorable outcome . . .	35
Discharged unimproved . . . . .	7
Died in hospital . . . . .	42
In hospital at the end of 16 years . . . .	16
	100

In an analysis of 600 unselected cases of females and 600 cases of males, Fuller found that, at the end of the first year, the following disposition is made:

Schizophrenia:	69.4% still in hospital 3.8% died
Manic-depressive psychosis:	34.4% still in hospital 7 % died

It is thus obvious that a large portion of both types of patients remain in hospitals once they are admitted, continuing to be a state responsibility. We say that these patients are a state responsibility, because the majority of them are not treated in private institutions, and because all of them must be treated in institutions of some kind. Individuals suffering from certain kinds of mental disorders previously mentioned (psychopathic personalities) can be

treated at home, and even while continuing at work. Psychotics cannot be so treated.

The institutions admitting psychotics are under state or federal supervision, and offer temporary or permanent care. A commitment certificate must be signed by a licensed physician before the patient is accepted for observation at a county hospital. Before commitment, the patient must be brought before a county judge who, in private session, goes over the medical evidence, questions relatives, listens to a social worker's report and, with the aid of a jury of physicians, commits or frees the patient under observation. Once in a state hospital, the patient is treated by various suitable techniques. Recently developed techniques give promise of a larger percentage of cures, and also indicate that many cases which formerly took much time to recover can now be discharged as cured earlier and with greater certainty of making an adequate adjustment.

Psychoses are diseases. They are not shameful diseases. They are no more shameful than are cancer and tuberculosis. A good deal of public education is necessary to bring people to the realization that a psychosis must be treated like any other disease, and that discharged patients must be helped to recovery, instead of being destroyed by insidious references and even threats by intolerant family members, employers, or neighbors. Above all, there is need for a campaign to teach people that mental disorders are preventable, and the way to prevent them is to forestall the predisposing, not the precipitating, causes. To make possible preventive education on a larger scale, the International Mental Hygiene movement has come into existence.

**The Prevention of Mental Disorders.** Mental hygiene has reference to those principles of preventive treatment which may be expected to reduce the incidence of mental disease. It means the combination of both social and individual factors that will lead to this result. In a general way, we may say that anything promoting social health, social welfare in the larger sense, better housing, more recreation, better educational facilities, and so on, is of help. The establishment of clinics and the treatment of the young before mental disease has had a chance to blossom out is strongly advocated by those who are concerned with this problem. Proper vocational guidance of the young is a preventive measure. Personal

freedom, consistent with security, is a preventive principle of great significance.

On the individual side, the first problem is to strike a balance between altruism and individualism. Prolonged self-gratification is possible only through the satisfaction of others. Denial of present pleasures often means larger future gratifications. This does not mean that one must escape from himself, evade his emotional promptings, or refuse to admit that there is a problem facing him. One must be honest with oneself, and profit by his own as well as other people's mistakes. One must not refuse to consider defeat as final when it comes, or try to explain it away on some fictitious ground. The desire to conquer, not to give up, is eminently worth while, but one must know when to stop. Tolerance for others, patience, and a sincere desire to improve oneself, without admitting necessarily that one is inferior to others, is essential to the acquisition and retention of one's mental health.

Inferiority feelings may begin with social unpopularity. To be mentally well, an individual must feel accepted, must have social status (social standing) somewhere. One must pay attention to what others like to talk about and what others like to do, to get along with them. One must learn to like, to prefer, being with others to being alone. One must be willing to sympathize with others and to be ready to cause himself some little inconvenience to help others in need. One must be considerate of others—not sarcastic or “bossy.” One who is eager to “show others up,” to flare up when others unintentionally do something one does not like, to impose on others without wanting to reciprocate their favors, is not likely to be well adjusted. Social adjustment, above all, involves the development of those skills which make social activities enjoyable: dancing, polite conversation, and playing social games. Finally, one must learn to rely on one's understanding of other people, their motives in behavior, for an adjustment of one's own attitudes. Every well-adjusted individual must be a lifelong student of his own personality and the personalities of other people.

**Types of Homelessness.** There are personal maladjustments in which mental deficiency or insanity do not play a prominent part. This is not to say that they are not mental maladjustments. The feeble-minded do not know how to participate in the life of the

community. Psychotics may or may not know how, but can ... participate to their advantage or to the advantage of others. The types we are about to discuss are generally called psychopathic personalities. They are not necessarily unable to participate in social life to advantage. They are people who adopted a pattern of life which they consider of advantage to themselves but which is not to the advantage of the larger community. In discussing these types we must be careful to distinguish them from similar types that do not come under the category of psychopathic personalities, though socially they may display many similar characteristics.

The tramp and the bum, the first psychopathic types we shall consider, belong in the general category of homeless men. But not all homeless men are psychopathic. Homelessness, as such, takes the form of horizontal social mobility (to distinguish it from vertical mobility which has reference to advancement in group status) or movement of individuals between or within groups in space. Social mobility itself may take varied forms. It may appear as a mass movement, for instance. Pressed by the need for space or food, moved by ambition for domination or conquest, driven by religious or racial persecution, people have moved in groups over long distances. The pilgrimages, the Underground Railroad before the Civil War, the Gold Rushes, the Silver Rushes, and more recently the migrations of Czechs, Frenchmen, Jews, Norwegians, Poles, Spaniards, and others are examples of mass mobility and homelessness. Yet they are of course not examples of personal psychopathy.

There is a type of homelessness which involves family groups. The return of the desert to the western Dakota lands, and the dust storms sweeping through Texas, Oklahoma, Oregon, and other states, brought about large-scale family migrations. These migrations, so vividly described by John Steinbeck, involve farm families seeking new lands to till, new plots on which to stake their homes, new jobs, any jobs promising survival. Recently over a million families, driven by city competition, took to trailer travel. The number of these trailer migrants is growing rapidly. Mexican immigrant families, streaming into the United States in increasing numbers, live in boxcars along railroad tracks, always ready to take up the trail again. These are serious social problems, but they are not examples of personal psychopathy.

Both mass and family mobility should be distinguished from in-

dividual mobility. There are types of individual mobility which may be called "institutional." This, typically, is migration within and between groups. Peddlers and traveling salesmen come under this category. They represent a habitual, not a casual, type of traveling. These travelers intend from the beginning to return home, and ultimately they do so. They cannot thus be considered psychopathic in any sense. Another type of mobility is that of individualized, long-continued mobility, in which the individual does not plan to return home. By a homeless person in this sense we mean one who has given up his status in both the family and the community, and along with that, his responsibilities as a family man and a community member. As long as such an individual continues to wander, he has no status anywhere, for he does not attach himself anywhere. In speaking of this type, the sociologist Park has said that he might have gained his freedom, but he lost his direction. Here then is a borderline type who may present some mental problems of social importance, if and when he faces certain conditions.

Individualized homeless men have been variously classified. One of the best classifications is that proposed by Nels Anderson, sociologist, who has lived on the road among homeless migrants, and has written two books on the subject. Anderson classifies homeless men into seasonal laborers, migratory casual laborers, nonmigratory casual laborers ("home guard"), and bums. One point, stressed by Anderson, is worth repeating, namely, traveling or casual local workers should be distinguished from psychopathic derelicts who are unattached.

**Characteristics of Homeless Migrants.** In a volume dealing with boy and girl migrants in America, Thomas Minahan has given us a report of what he has found in 884 interviews with 1377 boys and 88 girls on the road. In regard to nativity, he naturally found the overwhelming majority of both boys and girls to be American. The nativity of the parents differed to a greater extent than the nativity of the migrants themselves. While the majority likewise were native Americans there was a sprinkling of nationals from virtually every country in Europe. The median age was seventeen. The largest number of migrants claimed to have both parents living, but the next largest group claimed that their fathers were dead. Comparatively few stated that both of their parents



were dead, or that they had stepparents. The vast majority claimed that their fathers were unemployed. About 25 per cent said, in addition, that their older brothers or sisters were unemployed. The average period of unemployment was over a year. The average length of travel was given as between twelve and eighteen months. With regard to education, the group represented a range running from less than fourth grade of grammar school to college graduation, with the curve sloping toward the former end. The average achievement was eight years of grammar school. Very few had physical defects.

Judging from their educational achievement, at any rate, it is not possible to say that the average migrant is feeble-minded, although there are some feeble-minded individuals among them. It is probable that most of them are neither schizophrenic nor manic-depressive in make-up. The majority of them, however, are individuals afflicted with personality disorders. These individuals find living without steady work relatively easy, and thus what little ambition they have had they quickly lose, as they join the unemployed, though probably employable, part of our population. The usual personality disorders found are restlessness, inability to concentrate, lack of social insight, and a consistent disregard for the rights of the stable citizens of this country, wherever found. This does not mean that migrants do not have a culture of their own. Theirs is a culture of mobility, embracing opinions and attitudes adapted to and resulting from their type of life.

The hobo works at whatever jobs he can get: as dishwasher, waiter, porter, janitor while in the city; as teamster, lumberman, harvester, or all-round farmhand while on the road. Migratory casual laborers, or tramps, do the same types of work, but do them less steadily, making movement rather than earnings their goal. Robbing boxcars and pilfering, forbidden by the hobo code of the road, is found occasionally among the so-called "tramps." Non-migratory bums, the "home guard," prefer begging, either directly or under the guise of shoestring, razor-blade, or pencil selling. Some members of the "home guard" pretend to be sick, and use children to make a stronger sentimental appeal. The bums are the least adjusted of the homeless men. Most of them are either alcoholics, or drug addicts, or old, helpless, unemployable men who gravitate between cheap lodgings and the jail.

**Causes and Treatment of Individualized Homelessness.** The group investigated by Minehan gave four reasons for their homelessness. Over 80 per cent gave hard times as their reason. Others mentioned trouble with girl, fondness for travel, dislike for school, and conflicts at home. There is no doubt that mobility increases in periods of unemployment and widespread distress. Since floating laborers are always in demand for work on bridges, railroads, irrigation projects, harvests, and so forth, unemployed individuals venture forth with the view to just such employment. Some fields of agriculture and industry depend on a migratory labor reserve, and actually encourage it.

But noneconomic reasons figure prominently also. A crisis in the life of an individual may become a turning point in his life. This is particularly true when he fails to make the necessary adjustment to meet the crisis. The latter may derive from quarrels at home, or it may be due to disturbances in status resulting from death, divorce, or separation. Sometimes migratory careers begin because the individual committed a socially disapproved act, and expected dire consequences. Homeless men are, typically, individuals who for one reason or another lost their status. From the time the individual becomes aware of his loss of status, he continues to deteriorate by degrees until he reaches the lowest stages. One does not, as a certain sociologist has put it, "become a full-fledged and self-satisfied social pariah all at once." We might add: One does not become a psychopathic personality all at once. Neither does one become that in every case.

It is obvious from even this brief analysis of causes entering into individualized homelessness that the problem is not so simple as it often appears to many individuals concerned with it. Officers charged with law enforcement arrest every unfamiliar individual who looks suspicious. Since all migrants are bound to be unfamiliar, they are peculiarly liable to this type of treatment on the grounds that they may cause trouble. Employers in most industries fight shy of the migrant on the grounds that he is unaccountably lazy and undependable. Preachers are inclined to ascribe social mobility to the loss of religious influence, and the unresponsiveness of the individual to moral doctrines. Educators stress lack of character training in the home and lack of specific trade preparation.

There is no doubt that people who pull up their roots and abandon their backgrounds threaten the well-being of the nation. For the most part, the policy of noninterference with freedom of behavior has been followed in this country. The social work methods followed by some states in administering aid include getting all information available through observation and investigation before adopting some plan of action. If these were followed everywhere, more cases undoubtedly would be properly adjusted. But social workers treating individual cases cannot solve the problem completely. Improved housing and public hygiene, migratory schools, an unemployment service helping to decrease unemployment by directing labor to regions open to employment, subsistence farming, and vocational training are needed to solve the problem in a constructive and thoroughgoing way. Our national defense program may help us solve the problem, but many of the features mentioned will still have their place in the treatment of our transient population.

**Types of Mendicancy.** Mendicancy, or begging, is only a minor aspect of homelessness. It need not be a part of that problem, and it exists largely as a problem in its own right. The homeless need not be beggars. Beggars are not generally homeless. However, in some respects these problems are alike. Beggars, like individualized migrants, are not necessarily feeble-minded or insane, and they are certainly not criminally inclined, or they would not turn to begging as a way out of their difficulties.

Begging is done in one of three fundamental ways: by letter, by card, and by hand. When done by letter, it reaches sympathetic citizens at holiday seasons. It has been estimated that over 100,000 begging letters pass through the New York post office alone during the Christmas season. At least 40,000 letters pass through the mails of the Chicago post office at Christmas time. The estimate for Philadelphia is 25,000, and from 10,000 to 15,000 letters are supposed to clear in cities like Cleveland, St. Louis, Buffalo, Los Angeles, and Cincinnati.<sup>1</sup> Many of these letters, needless to say, are not of the type a social service agency would recommend for attention.

The card method, second in frequency only to the letter, is widely practiced by ex-service men, by men and women of re-

<sup>1</sup> W. F. McDermott, "Beggars by Mail," *Reader's Digest*, 1936.

ligious temperament who combine the appeal of the church with that of personal ineptitude, and physically handicapped individuals who can make their defects obvious. The sales appeal of a card is well-nigh irresistible. But the approach of the beggar using his hat or hand is far more effective. Of those using this approach we distinguish several types. There is the "whining moocher"; the "panhandler," who uses a child as an accomplice; the "flopper," who arranges himself in such a way that his crippled figure attracts immediate attention; the "throw-out," a type of beggar possessing a double-jointed body which he is able to dislocate in such a way as to give the appearance of paralysis; and finally, there is the "high-heeler," a type of beggar whose unevenly constructed shoes give him the appearance of a lame individual.<sup>1</sup> These are but a few of the many ingenious devices used by mendicants to achieve their ends. Hence, the types are many in number.

**The Characteristics of Mendicants.** All mendicants have one trait in common, regardless of the differences that may characterize them. They all employ the infantile method of securing satisfaction for their wants — namely, asking for it with the feeling that they have a claim on the sentiments of other people. A mendicant is childlike in approach because he never developed an attitude of adult responsibility. Nevertheless, beggars do not appear childlike in explaining the approach they use. They are inclined to rationalize it in different ways, offering what to them appears to be good argument in favor of mendicancy. Nimkoff,<sup>2</sup> in a study of the personality problems of beggars, offered some typical illustrations of beggar philosophy. One beggar, for instance, claimed that he was not inferior to others, that begging was merely his way of literally "getting even" with those who are successful in other ways. In another case, Nimkoff found, the mendicant was more interested in sympathy than in income, and was more gratified by a word of kindness than by a monetary contribution. This man, who was physically handicapped, decided that medical people could not help him because they would not. In another case, the drive for security was superseded by the wish for social status, or recognition.

<sup>1</sup> A. Morris, "Some Social and Mental Aspects of Mendicancy," *Social Forces*, June, 1927.

<sup>2</sup> M. F. Nimkoff, "Personality Problems of Beggars," *Sociology and Social Research*, May, 1928.

This beggar was saving a considerable portion of his income, and investing it in stock. His aim was to be "somebody" some day. In one case, Nimkoff found, the beggar was trying to escape from himself, to readjust himself after a gruesome family tragedy. He had been confined to a sanitarium after the loss of his wife and, when he recovered, he continued to wander about, helpless and dependent on others. One case, typical of many, showed a man who had been in the military service of the United States, eager to settle accounts with those who had not risked their lives and taken punishment. The conflict here was kindled by a wish for justice as much as a desire for revenge.

In all these types, however, certain general traits could be discerned. They were all more or less given to simulation, a conscious eagerness to deceive. They were all more or less isolated physically and socially. They appeared eager to retreat immediately after making contact with their patron, and tried to evade conversation, if possible. They were found to live generally in roominghouses, where social distance among residents is at a maximum. This physical and social isolation invariably leads to certain personality traits of an antisocial character. Those who do not develop into grossly abnormal individuals, and many of them do not, develop a self-justifying (rationalizing) philosophy. Occasionally beggars are found to be cooperating with other beggars. In any case, they do not try to compete with other beggars. They have found this to be mutually detrimental. Sometimes they exchange districts by agreement. Sometimes they claim "squatter sovereignty" rights, and enforce their claims to a particular locale. A thorough knowledge of holiday dates, fairs, and public gatherings helps beggars systematize their work. On this basis, and with this knowledge, they arrange to divide their potential spoils without being in one another's way.

**Causes and Treatment of Mendicancy.** From the foregoing, the causes in many cases can be easily surmised. It is evident that beggars labor under conflicts of a personal nature, and that mendicancy to them is simply one way of solving these conflicts. Failure in industry is sometimes at the bottom of such conflicts. Personality defects may precede these conflicts but, at any rate, the conflicts precede the decision to turn to mendicancy. Shiftless individuals, over-suspicious individuals, and those maladjusted in-

dividuals who struggle against their neighbors and fellow workers, come to look upon mendicancy as the only way out of their need for isolation, combined with security. Since they are seldom skilled workers, they quickly find themselves out of employment. With a growing sense of social dependence, due to repeated failure at work, and inability to secure employment even with the aid of agencies, the potential mendicant arrives at the position where he is ready to trade his need for status for the easiest way of achieving security without work. Old age dependency, of course, may be in itself an inducement, quite aside from the earning history of the individual. According to I. L. W. Squier, one person in eighteen of our wage earners reaches age sixty-five in penury. Many of these turn to mendicancy as the way out. Drink and drugs, to be discussed in a later section, contribute a certain percentage to the army of mendicants. A study of 2000 inmates of a New York lodginghouse has shown nine out of ten to be fond of liquor. Industrial accidents are a potent source of mendicancy. One reason for this is that these accidents may impose serious financial burdens upon the worker and supply an excellent rationalization for the occupation of begging. Basically, begging may go back to a childhood habit of soliciting change from good-natured adults, be they parents, or friends, or utter strangers. Once the method becomes recognized as effective, it is not difficult to resort to it when social and economic stresses leave few other ways, and none as easy, to the individual.

The effective treatment of mendicancy depends, first of all, on a change in existing social attitudes. In primitive groups, there could be nothing more simple than sharing belongings and products of the chase or agriculture. In a competitive economy, this approach is impossible. But people practice charity in an irrational way. They do not stop to consider whether the group has agencies capable of providing for these maladjusted individuals. They do not stop to consider whether, basically, an economic system that leaves men unemployed and without visible sources of income, is in need of mending. Indiscriminate giving goes on, because the givers practice charity "for the good of their own souls," rather than for the good of the recipients. Prestige in the eyes of companions, especially ladies, is often a temptation which men cannot overcome. Fear of losing status by being called "stingy" is a powerful motive on the part of donors. The attitude of superiority which is promoted

by such giving is often a powerful incentive also. Finally, the fear that the mendicant might turn to crime, and is to be favored because he has not done so, in some cases serves as a justification for indiscriminate giving. Some form of advertising the means of organized society for dealing with inadequate individuals ought to be established. There ought to be social security, of the kind recently adopted, applicable to those who are not merely old but physically handicapped. There ought to be employment opportunities for those handicapped who are willing, but unable, to get work. Some social agencies in large urban centers are operating shops for the handicapped, and finding markets for their goods. This work, however, is still in its pioneering stage. Vocational training, in many cases, might be a solution. Successful, constructive work with discouraged, poverty-stricken individuals can prevent mendicancy, which affects the community as much as it affects the individual concerned.

**Alcohol and the Alcoholic.** Alcohol has been variously regarded as a drug, a food, and a narcotic poison. As a drug, it is little used in modern medicine, older uses being rapidly replaced or given up. As a food, it has long ceased to be of value. As a narcotic poison it is still effective, when taken in sufficient quantity. There is no evidence that it necessarily shortens life, that is, produces the characteristic effect of a toxin or poison. A study of 7500 cases, made by Raymond Pearl<sup>1</sup> at the Johns Hopkins Hospital, has shown that moderate drinking does not affect the span of life. Excessive drinking, however, by hardening the arteries, the liver, and so forth, definitely shortens life. The span of life of habitual, excessive drinkers is shorter as compared with that of moderate drinkers and that of the average population.

Dr. William Healy of Boston, a psychiatrist, has said that "anyone who has half-studied human inebriety must have reached the conclusion that many alcoholics are defective or insane." A study made in Great Britain, and based on 3000 cases, has shown 49 per cent of the alcoholic group to be mentally defective. A study of 100 inebriates in Boston showed 37 per cent of them to be mentally defective. The truth is somewhere between these figures, as far as intelligence is concerned. But it must be remembered that both

<sup>1</sup> R. Pearl, "Alcohol: Biological Aspects," *The Encyclopedia of the Social Sciences*, The Macmillan Company, New York, 1930.

estimates refer to habitual alcoholics. As far as psychosis (insanity) is concerned, the findings in both studies are interesting. The British study reported that only 2 per cent, and the Boston study only 7 per cent, could be diagnosed as psychotic. The conclusion to be drawn is not that the majority of occasional, and almost half of the habitual alcoholics, are normal individuals. There is a high correlation between mental disorganization and alcoholic addiction. There is furthermore a high correlation between alcoholism and mental conflict leading to psychopathy. Alcoholism leads to nervous instability. A restless person seeks relief from inner pressure by drinking; a psychopathic personality may be easily induced by others to partake. The disturbing effect of liquor however leaves him in worse condition than before. Far from solving his conflicts, the alcoholic becomes indifferent to responsibility and open to more numerous difficulties. He loses ambition to live and work. His affections also wane. We thus see that alcoholism is a self-perpetuating type of difficulty which tends to increase the very problems it seeks to overcome.

On the social side, we find alcoholism to be no less a problem than it is physically or psychologically. While children cannot inherit alcoholic tendencies, they may be poorly nourished and develop inferior nervous systems as a result of their parents' addiction. Then, too, they are invariably victims of neglect and abuse. The family usually suffers from a lack of the means of subsistence, due to the growing inefficiency of the provider and his loss of earning power. Family life is often broken up or otherwise adversely affected. About 25 per cent of the families dependent on alcoholics become relief cases. Accidents are shown by statistics to multiply as a result of heavy drinking. Property destruction is common among alcoholics. There seems to be some justification for thinking that alcohol predisposes individuals to criminal behavior. This does not mean that alcoholism could be regarded as a cause of such behavior. By reducing normal social inhibitions, by perverting judgment and reasoning, and above all by releasing feelings of aggression, alcohol helps the criminal operate more effectively. In this sense, it is an adjuvant, if not a cause, of crime.

**Causes and Treatment of Alcoholism.** Alcoholism should be considered a problem only when it is chronic and excessive. Chronic alcoholism undoubtedly is a distressing personal and



social symptom, and has always been a powerful factor in personal and social disorganization. The line of demarcation between moderate and excessive use of alcohol is not easy to draw. Alcoholism, as a social institution, began when individuals discovered keen, temporary stimulation in the use of liquor. Unaware of its ultimate effect, social groups adopted alcohol as an element in social contact. The influence of others was meant to be a check on unfavorable reactions. Ultimately, however, the use of alcohol becomes a habit devoid of social meaning to the individual. As such, it compensates the alcoholic for failure to get satisfaction from his work or family life. Often it is an attempt to evade unforgettable, unforgivable disappointments. In some cases, it is found to be an infantile revenge reaction perpetrated against parents. In its general aspects, alcoholism is a mode of regression to infancy where all was well and all problems were taken care of by adults.

The mayor of a Massachusetts town announced, as late as 1938, that he would order all drunkards "ensconced in a tiger cage on wheels, and drawn through town behind a paddy wagon, until they can say 'truly rural' without hiccoughs or other punctuation marks." The town, founded in the seventeenth century, has seen sterner treatment imposed on such people, in the form of wooden stocks, in which the feet and the hands of the culprit were pinioned while he was exposed to the scorn and calumny of the rest of the community. Regardless of whether this technique will bring lasting benefits to the town in question, it is hardly necessary to say that it is not applicable to the problem in other regions. The important goal to be achieved is the creation of a distaste for liquor. Sanitariums for alcoholics usually rely on cathartics, simple food, hygiene, new habits of living, and interesting work. It takes at least five years, however, to build up lasting habits. Outside of institutions the problem presents many difficulties, and attempts at treatment have met with varied degrees of success. Being an escape from reality, the pattern of life which alcoholism represents is not easy to change, for something more inviting, or at least equally satisfying emotionally, must be provided to replace it. Psychological treatment is difficult, because the patient himself seldom seeks relief. Without his cooperation, mental treatment is futile. Hypnosis has but a temporary effect. The hope, hence, lies in an educated public opinion rather than in individual treatment. Until

a social stigma is attached to alcohol in civilized society, there is little chance of preventing alcoholic excesses.

**Drug Addiction and the Addict.** Narcotics were known ages ago. There is evidence that the Chinese emperor Shen-Nung, in the twenty-eighth century B.C., taught the people to cultivate hemp for its fiber yielding hashish, one of the habit-forming drugs. The Egyptians and the Persians used narcotic drugs. Vergil refers to the opium-poppy in the *Aeneid*. Among primitives the effects of narcotics have been well known. Their use and recognition are propagated among primitives for ceremonial purposes. The effects of narcotics are regarded as supernatural and associated with various magical rites. Of all the narcotic drugs leading to addiction, those of greatest importance are (1) opium and its derivatives (morphine, codein, heroin, and so forth) obtained from the seed capsule of the poppy; (2) cocaine produced from a South American plant; and finally (3) hashish or locoweed, and the notorious marijuana (or marihuana) derived from Indian hemp grown in Mexico, the United States, and elsewhere.

It was estimated that, in 1919, there were 200,000 drug addicts in the city of New York alone. Recent estimates range from 100,000 to 1,000,000 for the United States. China was reported to have had over 2,500,000 addicts in 1927. In proportion to China's population, this is less than we should expect, if our own statistics are correct. A study of 2500 addicts in Chicago disclosed some interesting facts. The modal (average) age was found to be 30-34. Less than 8 per cent were under 25. Addiction was found to have begun at ages 20-29. One-third of the addicts reported a history of 5-14 years' addiction; another third reported 5 years; and the last third claimed to have used the drug (opium) for 15 years or more. Educationally, 69.5 per cent had less than an eight-year grammar school education as over against 61.5 per cent for the general population. The majority of the addicts were native white Americans. Negroes made up 17 per cent of the group, though they are only 7 per cent of the total population. Occupationally, 30 per cent of the group belonged to the domestic and personal service category. It is a significant fact that three-fifths of all known female addicts were found to belong to this occupation. There was an excessive percentage of single males and divorced females in this group.

It is inaccurate and somewhat futile to talk of the personality traits of all drug addicts as if they made up a single group of uniform character. Those under the influence of heroin and morphine, for example, change from drunken, fighting psychopaths to sober, cowardly, nonaggressive idlers. On the other hand, marijuana renders the individual recklessly aggressive, and leads to impulsive behavior of which he is normally incapable. There are a few traits, however, which may be said to belong to drug addicts taken en masse. One of these is that they are all generally uncooperative, untrustworthy, and relatively helpless. They must all alike be considered diseased individuals. They are inadequate emotionally, and all of them possess notoriously poor judgment. Realizing that they are dependent on the drug, and that relief is useless, that they are outcasts socially, they become quickly discouraged and reconciled to their position. They generally suffer from digestive disturbances and lack of sound sleep. Deprived of their favorite drug, they manifest restlessness, depression, perspiration, nausea, cramps, nervous exhaustion, and even physical collapse.

**Causes and Treatment of Drug Addiction.** This problem is more serious than alcoholism. Narcotics are habit-forming to an extreme degree, and they leave a powerful effect on the organism because, as time goes on, the quantity used must be continually increased. The causes of addiction are generally traced either to medical prescriptions offered to appease pain and suffering, or to self-administration of drugs under tempting conditions. These conditions may be provided by an associate or someone commercially interested in disposing of the product. It is thus not difficult to trace the causal influence to its beginning. The reason for continuance is difficult to state. Of course, physiologically it is possible to say that a conditioning takes place. Psychologically, we can explain it in terms of habit formation growing out of mental conflict. Sociologically, the most interesting theory is that of Lindesmith,<sup>1</sup> who holds that not all individuals exposed to a given drug become addicted to it. A satisfactory theory, of course, must explain this fact. The factor which accounts for the continued use of the drug appears to be the knowledge, culturally spread, that

<sup>1</sup> A. R. Lindesmith, "A Sociological Theory of Drug Addiction," *American Journal of Sociology*, 1938, 43 593-613.

the withdrawal of the drug will cause great suffering. It is with the view to preventing the distress which the addict knows will occur that he continues to cultivate the habit.

The users of narcotic drugs may be feeble-minded, of normal intelligence, or even of superior intelligence. They may be rich, or utterly poor. The problem of treatment is the same for all of them. Various measures have been tried to enable addicts to regain control of themselves, and with it normal status in society. For the most part, little more than temporary relief has been achieved. The majority of the addicts are regarded as incurable. Because the habit is associated with mental conflict, it may be said to be an aspect of the individual's failure to make good in the race of life. As such, it cannot be removed by changing the condition of the organism as such. Changing the environment, in order that the addict may have an opportunity to start over and achieve a measure of success, is more promising. That alone, of course, is insufficient, because there is an organismic condition to overcome. The dosage must be gradually reduced. Excellent physical fitness must be brought about, in order that exhaustion due to the lack of customary doses may be more easily tolerated.

The government of the United States is the only government in the world which has recognized drug addiction as a problem for federal control. There are two hospitals, maintained by the United States government: one at Fort Worth, Texas, and the other at Lexington, Kentucky. Altogether, they can accommodate 2000 patients. Sympathetic, competent treatment is given at these hospitals. But their influence will be far from sufficient as long as the drug traffic is allowed to go on virtually unmolested. There is, theoretically, international cooperation between countries producing narcotics and those importing them. Yet, in terms of local, no less than international, control much remains to be done.

#### TERMS TO BE UNDERSTOOD

social age	precipitating causes
chronological age	psychosis
mental age	mental hygiene
I.Q.	social mobility
idiots	hobo
imbeciles	tramp
morons	bum

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genius	migratory worker
amentia	eugenic treatment
dementia	hobohemia
schizophrenia	euthenic treatment
hebephrenic	escape from reality
catatonic	rationalizing philosophy
true paranoia	custodial care
manic-depressive	rehabilitation
predisposing causes	"withdrawal distress"

### QUESTIONS FOR DISCUSSION

1. Distinguish between amentia and dementia. Point out to what extent each of these terms retains in part its original meaning.
2. Show that the I.Q. is a ratio. Estimate I.Q. based on the following data: C. A. 15, M. A. 15, C. A. 10, M. A. 15; C. A. 15, M. A. 10.
3. Give the traits of a case of "true paranoia," and explain the social significance of this disorder in terms of recent political events.
4. To what extent are the rationalizations of the mendicant false, and to what extent true?
5. Show how mental conflict enters into alcoholism and drug addiction.
6. Discuss the outlook for prevention of (a) feeble-mindedness, (b) insanity, (c) vagrancy, (d) mendicancy, (e) alcoholism, (f) drug addiction.

### FOR FURTHER STUDY

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## CHAPTER X

### DELINQUENCY AND CRIME

**Crime Defined.** Civilized groups depend upon custom and law for their preservation. Customs and laws both represent established attitudes of groups. All groups have violators of established attitudes. Yet there is a difference between those who violate customs and those who violate laws. The difference lies in the type of punishment imposed by the group. The violation of a custom leads to social disapproval or relatively minor punishment. The violation of a law may be punished by fine or imprisonment in jail, workhouse, reformatory, or prison.

A crime is an act opposed to the established attitudes of a group, as defined by law at a given time or place. That is because every crime involves a social situation and the group's definition of that situation. The group determines what types of social values are essential to its welfare. Even though the group may change its attitude from time to time, nevertheless an act contrary to the definition existing at a given time is considered criminal. Other groups may have different, or even contrary, definitions of particular social situations. Still, at a given place and time, one definition, as expressed in law, must stand.

**Criminals and Delinquents.** A criminal is one who is guilty of a law violation. The law, in seeking to fix guilt, looks primarily at the situation in which the crime occurred, and secondarily at the intent of the individual. Only recently did judges begin to consider the backgrounds of offenders. There is no difference in law between a criminal and a delinquent, except insofar as age is concerned. The theory of the law is the same for both types of offenders. The application of the law, however, differs with the age of the offender. The younger he is, the more inclined judges are to take the offender into custody for his own protection, instead of punishing him "for the good of society." Sociologically, this distinction is unsound. Both delinquents and criminals, if guilty

of acts believed by the group to be injurious, represent socially maladjusted individuals who require treatment for their own good as well as for the good of society.

**Age and Sex of Delinquents and Criminals.** First, we shall discuss the factor of age. It has recently been estimated that the largest number of individuals arrested and charged with serious crimes falls into the age group 14 to 22, the modal (most frequent) age being 19, with 21, 22, and 18 next in importance in the order listed.<sup>1</sup> It is significant that 75 per cent of the prisoners of Sing Sing are under 21 years of age. It is also noteworthy that 53 per cent of all the robberies, 57 per cent of the burglaries, and 68 per cent of the auto thefts were committed, as recently as 1936, by individuals under 25 years of age.

Second, we shall discuss the factor of sex. Recent statistics show that twenty times as many males as females, in proportion to their incidence in the total population, were committed to state and federal prisons and reformatories. They also show that divorced and separated women commit a larger number of crimes, by sizable margins, than do unmarried women; and that divorced and separated women commit more crimes, statistically, than do divorced or separated men.<sup>2</sup> This is true of both crimes and delinquencies. In juvenile courts, the percentages are not quite so marked. For instance, three times as many boys as girls were dealt with by the judge of the juvenile court of Cook County in the year 1939.

Both age and sex point to significant elements in crime. Both show that where greater maladjustment is expected there criminality is found in good measure. Thus the age at which the individual suffers the greatest social strain, when adjustment is most difficult (14-22), when one is no longer a child and not quite a man, is the age of highest frequency of criminality. The same holds true for sex. Those of the male sex, in our culture, are more immediately engaged in competition, more actively involved in the struggle for life and achievement, and thus are more often found among criminals than are those of the female sex. They take greater risks because they have higher stakes. Where, however, women

<sup>1</sup> Estimate made by J. Edgar Hoover, released Jan. 21, 1936, through the Associated Press.

<sup>2</sup> Based on reports of the Municipal Courts of Chicago.

are by comparison so situated socially that they must meet larger social obligations (as do divorced and separated women), there too we find a larger number of offenders. The predominance of divorced and separated women among criminals, as compared with divorced and separated men, is further verification of the principle just given. The women of this group are more definitely uprooted than are the men. Their social world crumbles when they leave their mates. The men's social world remains moderately intact. The higher incidence of crime among women in this group then is due, again, to a larger demand for social readjustment than is found among the males. We shall return to the sex and age factors in considering psychological factors in criminality.

**Extent and Cost of Crime.** We are all, as citizens, interested in how much crime there is in the United States, how much it costs, and whether it is increasing or decreasing. The annual cost of crime is estimated to range from \$13,000,000,000 to \$16,000,000,000.<sup>1</sup> This is about three times the appropriation for the national work-relief bill, and many times the cost of all education in this country. Included in this estimate is the cost of administering criminal justice, private expenditures for protection against crime, and losses due to the waste of labor of both prisoners and law-enforcement officers. It has been estimated <sup>1</sup> that there are 4,300,000 criminals in the United States. Recently one in each 800 individuals was confined to prison in this country. When we consider that by far not all offenders, as defined either by custom or by law, are under arrest, or even in the hands of the police, that, furthermore, many of those arrested are never sentenced, we realize that statistics covering the extent of crime cannot be accurate.

What is the trend at the present time? In 1925 there were eleven times as many murders in America as there were in England. At the same time the United States counted twenty-seven murders to every murder committed in Holland. More than that, the United States had seven times as many murders as the entire continent of Europe. If differences in population entered into the first two comparisons, they were of significance in the second comparison only in emphasizing that we had more than twenty times the number of crimes that the Europeans had for populations of similar size.

<sup>1</sup> Estimate made by J. Edgar Hoover in 1937.



The crime rate waxed until 1933 which became the red-letter year for crime frequency in the United States. Although some of the rates remained the same, and some decreased in size, the number of homicides for the entire country reached its highest total, namely 12,123. This meant that Americans were slaying each other at the rate of 1000 per month, or 250 individuals per week! In Chicago alone there was an increase of 60 per cent in major crimes at this time as compared with previous years. Gangsterism and the violation of the prohibition law had, of course, a great deal to do with this; yet neither of these could be considered directly causal, as we shall see later on. In terms of rates of criminality, Milwaukee, Detroit, Chicago, St. Louis, New Orleans, and Jacksonville showed notable decreases by 1936. On the other hand, Memphis, Nashville, Mobile, Denver, and Seattle showed substantial increases. New York City, Boston, Cleveland, and Los Angeles remained relatively unchanged.

A general rise in crime rates was reported throughout the nation for 1938. The increase was in the neighborhood of 6.2 per cent over that of the preceding year. The annual crime report issued by the police commissioner of London also gave an increase of 10 per cent for the capital of Britain. Some cities in the United States, however, kept lowering their crime rates, Chicago reporting one of the most striking decreases for 1938, especially in murder, burglary, robbery, and auto theft. Half as many cars were stolen in Chicago as in New York during this period and, on a percentage basis, even the city of Washington, D. C., led Chicago in every field of crime, except robbery. Yet the next year Chicago's rates began to rise again, and increases were recorded in murder, manslaughter, rape, robbery, and larceny. Burglary alone continued to decline. In any case, Chicago succeeded in achieving a decrease in crime of over 50 per cent in six years, that is, since the banner year of 1933. To understand these ups and downs we must turn to the causes of crime as interpreted by sociologists at this time.

**Some Theories Advanced in Explanation of Crime.** One theory of crime has proclaimed the innate depravity of the criminal. This theory says in effect that an individual is "born bad" or "born good," and is certain to follow his predestined fate as a good or bad citizen. Second, there is the "devil theory," long

held by religious people of preceding generations. Crime is committed at the instigation of the devil, they declared, and no individual as such is to blame. The devil within the criminal, however, must be severely dealt with. Third, there has been the theory of "reversion to savage type." This theory is connected with the name of an Italian criminologist, Cesare Lombroso. Criminals, said he, represent a form of "atavism." They form biologically a separate group, distinguished by certain physical and psychological characteristics which stamp them unmistakably as belonging to the criminal class. Regardless of what anyone could do, they must become criminal. Finally, there is the "imitation theory" sponsored by the French sociologist and jurist, G. Tarde. It was Tarde's contention that crime results from imitation waves that sweep the group from time to time. More light on these theories will be shed later on, when we discuss causation in detail. At present, however, we must say that crime, as shown by latest scientific research, is the joint product of an individual organism and the environing social forces to which the organism is exposed. It is generally agreed among criminologists (sociologists specializing in crime and its treatment) that crime is not, at any rate, due to single, simple causes such as earlier theorists advanced in explanation of crime.

**Hereditary Factors in Criminal Behavior.** Is heredity a cause of criminality? Are criminals "born that way," as Lombroso's measurements were supposed to prove? Lombroso claimed that criminals were less sensitive to pain, and more subject to epilepsy, than normal individuals. He said that he found them to have asymmetric crania (misshaped skulls), longer lower jaws, flattened noses, scanty beards, and abnormal pain receptors. Charles Goring, a physician and English prison official, carried out measurements similar to Lombroso's on more than 3000 English convicts over a period of eight years, which he compared with the measurements obtained on a noncriminal group of English citizens. This he followed by measuring the graduates of Oxford and Cambridge universities, and comparing the averages obtained. The results proved that the cranial measurements of criminals differed as much from those of the general population as the measurements of the two university groups differed from each other. Goring's results, announced in his famous treatise, *The English Convict*, published in London in 1913, were considered conclusive for some years.

Recently Earnest Hooton, anthropologist at Harvard, repeated Goring's study with 17,680 criminals in the United States.<sup>1</sup> Hooton's conclusions are more in keeping with those of Lombroso than with those of Goring. Hooton has shown that criminals as a class are shorter and lighter, for one thing. Also, they have smaller heads and chests, lower foreheads, narrower faces, shorter noses, and sparser beards and body hair than the average person in this country. Murderers have broader jaws and narrower, lower heads. Rapists have the shortest stature of all criminals. Forgers, as a group, are in no wise different from the rest of the normal population, but they are the only exception in Hooton's researches. Soon after Hooton had published his results, Ales Hrdlicka, anthropologist at the Smithsonian Institution, announced that his long efforts to find a criminal type convinced him that there were no physical criteria for distinguishing potential criminals. There may be a criminal facies — a combination of the facial expression, body build and motor behavior. "That," he said, "may be sensed but not proved, and in any case, there will be numerous exceptions." Hooton's conclusions, then, represent a reversion to Lombroso's discredited theory, though of course, as such, they have not been disproved. They do not seem incredible, if we allow for many individual exceptions, and may be accepted as showing that criminals, as a group, possess inferior organisms, and are not perhaps as well built or as handsome as are well-adjusted individuals. From the sociopsychological point of view, physical form, though a product of heredity in large part, may help or hinder social adjustment. Insofar as it hinders adjustment, it facilitates, even if it does not assure, maladjustment. Individuals like Steinmetz did succeed. The hunchback of Notre Dame, whether mythical or real, proved the capacity of human monsters to perform noble deeds. On the other hand, "Babyface Nelson," Martin Durkin, and even Dillinger became notorious criminals in spite of their handsome appearance. The exceptions then are fully as important as the rule.

The claim that criminals inherit certain patterns of action has met with less approval since Lombroso's day. Lombroso, it will be recalled, claimed that criminals had a low threshold of pain sensitivity. In keeping with Lombroso's thinking, it was shown

<sup>1</sup> E. A. Hooton, *Twilight of Man*, G. P. Putnam's Sons, New York, 1939.

that 14 per cent of the inmates of the Elmira, New York, reformatory had insane or epileptic heredity. Similarly, 23 per cent of the inmates of the Auburn, New York, reformatory were shown to be of neurotic origin. It fell to the state criminologist of Illinois, Herman Adler, to prove in 1923-1925 that while these figures might conceivably have been correct, and even paralleled by similar figures in other state prisons, they did not prove conclusively hereditary behavior differences between convicts and normal citizens. In a careful study by Adler, evidence was furnished to prove that the percentage of insanity, neuroticism, and epilepsy found in prison populations by no means exceeds that prevailing in the population at large. It is now held that, in similar social and economic groups, normal and abnormal behavior, as far as heredity is concerned, are found to the same degree, whether in or out of prison.

**Economic Factors in Criminal Behavior.** Do economic factors enter into crime? Any answer to this question must be carefully qualified. If by economic factors we mean a substandard income, or lack of income, or poverty, then the newspapers have long since supplied the answer. The following is one of the many newspaper stories illustrating the importance of the economic factor:

Lack of work for himself and food for his children drove L. B., twenty-six years old, to robbery. Conscience drove him to the detective bureau. "I never did a dishonest thing before in my life," he said. "But the kids had to have something to eat. So I got a monkey wrench and held up a man. I told him I'd kill him if he didn't hand over his dough. Here it is — all I got from him. Lock me up."

Cases of this type could be multiplied. They all deal with the same general subject. Those devoid of means risk their reputation, liberty, and life to acquire necessities, and sometimes luxuries, through criminal action. Sociologists have made several studies along this line. One study, made in 1915, brought out clearly that the 1914 unemployment era increased burglaries to the extent of 30 per cent, robberies 64 per cent, vagrancy 51 per cent, and mendicancy 105 per cent. Unemployment thus showed a definite interdependence between economic factors and human behavior. The increase of burglary and robbery pointed to the dependency of criminality on economics. Sullenger<sup>1</sup> analyzed the cases of 500

<sup>1</sup> E. T. Sullenger, "Economic Status as a Factor in Juvenile Delinquency," *Journal of Juvenile Research*, 1934, 18: 233-245.

delinquents who appeared before the courts of Omaha over a six-year period. He showed that 25 per cent of the families of these delinquents were registered as having received some aid from the public or private relief agencies. Lumpkin,<sup>1</sup> in a study made in Wisconsin, offered similar facts in regard to 250 girls confined to correctional schools. Lumpkin found that 95 per cent of the girls came "of the class recognized as least advantaged in income and opportunity, and about two-thirds of these homes had been given community assistance of some kind." In the major-offense group of girls committed in Wisconsin, there were homes in which either harmful social and economic conditions existed or else certain necessary conditions were lacking. In the minor-offense group, however, harmful conditions were always present, showing that in these cases they must be always assumed and, in the former, they must be always expected. In a similar study of a group of boy delinquents, made by Caldwell, and published in the same journal in 1931, it was shown that the occupations of the parents were in 67 per cent of the cases below the skilled level, which is about 15 per cent more than there is in the general population. The delinquents themselves were found to have been gainfully employed in 51.5 per cent of the cases. This would seem to minimize the economic influence. But a closer study of the figures shows that the boys employed began to work at least two years earlier than the boys in the general population. The general population of the state of Wisconsin shows the highest amount of employment at seventeen or over, while 92 per cent of the delinquent boys were fifteen or less. Hence the factor of employment must be considered important.

Economic factors take on protean forms, depending on the education and status of the individual involved. The fact that economic factors are often found to be tied up with the criminality of the poor does not mean that the poor alone become criminal. It must not mean that all poor people are potentially criminal or that all rich people are immune from crime. Surely it cannot mean that robbery is a crime, while going bankrupt, manipulating stocks, or crushing competitors is not. Newspaper accounts like the following are common.

<sup>1</sup> K. D. Lumpkin, "Factors in the Commitment of Correctional School Girls in Wisconsin," *American Journal of Sociology*, 1931, 37. 222-230.

W. B., playboy promoter, and W. G., a fellow broker, were convicted today of fraud in the manipulation of defaulted railway bonds. The jury found them guilty on seven counts of mail fraud and one of conspiracy. The maximum penalty for the brokers would be thirty-seven years' imprisonment and \$24,000 in fines.

Many cases similar to this could be cited. Richard Whitney's case is well known. The case of Ivar Kreuger attracted enough attention to become a classic of its kind. Leo Koretz, Cassie Chadwick, Charles Ponzi, Walter Wolf, are a few more of the notorious swindling brigade who made their reputations at the expense of unwary investors, only to go down into history as criminals. A noted criminologist, E. H. Sutherland,<sup>1</sup> summed up the matter recently as follows: "The present-day white collar criminals," he said, "are often merchant princes and captains of finance and industry, who differ from the 'robber barons' in that they are more suave and deceptive. Their criminality has been demonstrated again and again in investigations of land offices, railways, insurance, munitions, banking, public utilities, stock exchanges, the oil industry, real estate, reorganization committees, receiverships, bankruptcies, and politics." Thus Sutherland disposed of the myth that economic factors operate to make the poor criminal, and by the same token do not enter into the criminal behavior of those addicted to what Veblen had called "conspicuous consumption."

Many years ago the social economist, Bonger, leading the so-called "environmental" school of criminology, collected evidence in favor of the economic theory of criminal behavior. He proved that the unequal distribution of wealth, business cycles and unemployment, business cycles and speculative eras, poor housing and poor sanitation, and finally child labor, and the lack of education all correlated positively with the rise in rates of criminality. In this country, a study of the business index in relation to juvenile delinquency in Allegheny County, of which Pittsburgh is a part, for the period of 1918-1934, showed a definite tendency of delinquency to rise with the rise in business index. This is due to the fact that higher prices lower the standard of living of the poor. A similar study of the relation between dependency (or poverty) and delinquency for the same period and region showed a marked

<sup>1</sup> In an address before the Central States Probation and Parole Conference, Chicago, April 25, 1940.

positive correlation between the two trends. In other words, as dependency increases so does delinquency. This holds true for both boys and girls.

In a recent study in the Chicago area, made by E. R. Mowrer of Northwestern University, somewhat surprising facts were discovered with regard to the influence of the depression on delinquency. Mowrer's study indicated that "If general delinquency and criminal trends are responsive at all to depression, they are not directly sensitive to the downward and upward movements of economic conditions" Except for burglary, Mowrer<sup>1</sup> reports, which showed an increase during the worst part of the depression, there was no significantly larger percentage of offenses such as robbery, auto thefts, larceny, gambling, and embezzlement. In fact, gambling continued to decline until it was, in 1935, a third of what it had been in 1930. The conclusion thus reached by Mowrer was that groups hardest hit by economic difficulties do not turn to crime in greatest numbers. What was true of groups was true of areas. The city areas hardest hit by the depression did not show an increase in rate until economic conditions had improved.

This study is significant for what it showed, but it did not show that economic conditions do not tend to correlate with crime. What one must add, in taking stock of the recent depression, is that the government, through widespread relief and government projects, made it unprofitable for a great many criminals to ply their trade. Thus the most dangerous of the crime techniques, such as larceny, robbery, and auto thievery, showed a diminution. The safest of these techniques, burglary, alone showed an increase, and that during the depth of the depression. The fact of the matter is that many minor hoodlums and gangsters gladly responded to the government call, and aligned themselves with some socially useful project. This, and an effective piece of social work with people on relief, explain the figures obtained in Mowrer's valuable study, valuable because it showed how crime could be reduced, if not prevented, in time of national crisis.

**Regional Factors in Criminal Behavior.** Can geographic conditions be considered causally related to crime? There is statistical

<sup>1</sup> E. R. Mowrer, *Individual and Social Disorganization*, J. B. Lippincott Company, Philadelphia. In press.

evidence, gathered by anthropogeographers, to show that the incidence of criminality changes with season and weather, that it tends to predominate in hilly as compared with valley regions, that it is more likely in city than in country environments. This evidence has been confirmed, in part, by a statistical study made by Giovanni Giardini<sup>1</sup> of the Western Penitentiary of Pennsylvania. Giardini has shown that when one compares the frequency of crimes among foreign-born Italians with that found among American-born Italians, one finds a larger number of homicides,

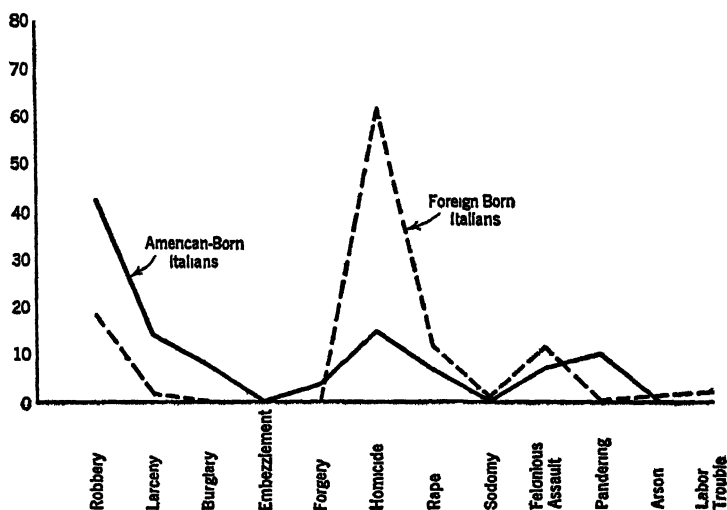


FIG. 22. RELATIVE FREQUENCY OF CRIMES COMMITTED BY FOREIGN-BORN AND AMERICAN-BORN ITALIANS

rapes, and felonious assaults in favor of Italian-born Americans, and a larger number of robberies, larcenies, burglaries, and pandering activities among American-born Italians, thus indicating possible regional-national influences, so far as type of crime is concerned. (See Fig. 22.) On the other hand, in a comparison of per cent frequencies as between native white Americans and native Americans of Italian ancestry, he found virtually no differences, except for rape, in favor of the Italians, and a higher per cent frequency of pandering among the native white Americans. (See Fig. 23.)

<sup>1</sup> G. Giardini, *A Report on the Italian Convict*, the Western Penitentiary of Pennsylvania, Pittsburgh, by whose permission Figs 22 and 23 are reproduced.



The crucial study in the field of regional influences was made by Clifford Shaw, sociologist connected with the Illinois Institute for Juvenile Research. In numerous publications, outstanding among which is his *Delinquency Areas*, Shaw proved that there is a direct relation between city communities and delinquency rates. In order to find delinquency rates, Shaw discovered the frequency of delinquency for Chicago's school districts over a period of twenty years, and divided that by the total number of children in school attendance over the same period in each district. His findings

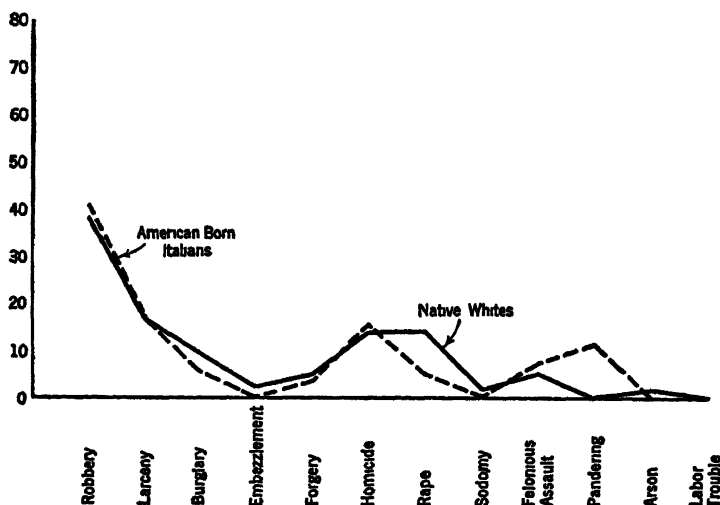


FIG. 23. RELATIVE FREQUENCY OF CRIMES COMMITTED BY NATIVE WHITES AND AMERICAN-BORN ITALIANS

have shown that the areas of highest delinquency rates are found closest to the oldest part of each town, closest, that is, to the business district and major industrial developments. These areas, which have been termed "blighted areas," are characterized by physical deterioration, decreasing population, high rates of economic dependency, a high per cent of foreign-born and Negro population, and high rates of adult criminality. Blighted areas, Shaw proved, are characterized by marked disintegration of traditional institutions and neighborhood organization, and by their failure to function effectively as agencies of social control. Most important of all was his discovery that the nationality composition of these areas over a period of two decades changed almost completely, while

the delinquency rates remained constant. Furthermore, as the older nationality groups moved out, their rates of delinquency showed a consistent decrease. In many cases it appeared that these areas possessed elements which contributed directly to the delinquent habits and attitudes of children. These habits and attitudes were merely an adjustment to the expectations of the neighborhood, that is, the neighborhood made possible delinquent behavior in children.

Something amounting to training in delinquency was found to exist in certain urban regions. Corrado De Sylvester,<sup>1</sup> in a study of Italian immigrants in Chicago and Blue Island, Illinois, revealed the noteworthy fact that people of a certain national origin, living in a deteriorated city environment, run up a large rate of criminality while, in a normal, well-organized small-town community, the same people show a remarkably low rate of criminality, no higher than that of their neighbors in town.

What is true of the city, and its neighborhoods, is true of our various states, and of the country as a whole. There are undoubtedly slum areas in states, and the country as a whole could be divided into regions on a similar basis. It must not therefore be supposed that those living in rural areas are immune to crime, or do not tend to show higher delinquency and crime rates than do other regions. Rural life is no guarantee of decency and honesty. There are rural mobsters, and rural criminals. The Ku Klux Klan, the Black Legion, and numerous other gangster groups thrive in rural environments. In spite of their attitudes of pseudo-patriotism, and pseudo-Christian idealism, these denizens of rural slums may yet become a serious problem to America, in a strictly criminal sense.

**Familial-Cultural Factors in Criminal Behavior.** To what extent are family conditions instrumental in promoting crime? The influence of parents in making crime possible directly has not been sufficiently recognized. Numerically it does not appear to be very large, but that it exists there is no doubt. Following is a case gleaned from the daily press:

An immediate sentence to the penitentiary to spare him the necessity of facing his son in the county jail was sought by G. S., forty-nine years old, who was captured after robbing a hosiery company. S. confessed that he had started his son, Harry,

<sup>1</sup> C. DeSylvester, unpublished monograph.

a former high-school football star, on a career of crime. After robbing several stores, Harry wanted to branch out with other robbers, and did so against his father's advice. The son was apprehended, and the father claimed to have committed his last robbery to obtain money to engage an attorney for his son.

Direct influence of this sort is, of course, infrequent. Even in blighted areas, parents generally show deep concern for the development of their children, and prefer to influence them away from crime. Because the parents in blighted areas are frequently foreign born, their attempts to influence their children are not generally effective. This is not due to the fact that they themselves tend to be criminal. H. H. Laughlin, in a recent study, attempted to establish a contrary point of view. He had found that there were 946 foreign-born inmates in seven New York prisons, among a total of 6382 prisoners. This would seem to make foreign-born individuals 14.8 per cent of the total criminal group. However, it was later shown that New York State's foreign-born population constitutes 25 per cent of the total population (1930 census). Hence we must conclude that 25 per cent of the general population are responsible for but 14.8 per cent of the criminals in prison. On the other hand, New York State's native white population is 74 per cent of the total. But this group constitutes 85 per cent of the total prison population of the state of New York. Thus we see that the foreign born do not constitute a serious criminal problem. Even though immigrants are more subject to cultural conflict than are natives, still they themselves do not contribute, out of proportion to their number, to the criminal population of this country. The American-born children of immigrants, however, do contribute more than their proportion to the criminal group. The reason for this, again, is not that they acquire criminal patterns from their parents, but that they sometimes acquire neither their parents' cultural patterns nor the established patterns of the native American group.

Besides conflict between parents and children, certain other family conditions tend to contribute to delinquency. It has been shown that broken families bear a significant relation to the crime rate. Twenty-five per cent of the children in this country live in broken homes. According to a study made by Shideler,<sup>1</sup> 70 per

<sup>1</sup> E. H. Shideler, "Family Disintegration and the Delinquent Boy in the United States," *Journal of the American Institute of Criminal Law and Criminology*, 1918, 8: 709 ff.

cent of these become delinquent. Some sociologists seem to hold that the loss of a father is most vital, while Shideler finds that the loss of a mother is more fundamental. In any case, the Wisconsin study by Lumpkin, already referred to, has proved that two-thirds of the homes of delinquent girls in Wisconsin had been broken by disorganization and death; and in almost one-half of the homes there had been stepparents, foster parents, or relatives in charge. The number of broken homes in this sample was obviously larger than that in the general population.

**Psychological Factors in Criminal Behavior.** To what extent do psychological factors enter into the causation of crime? The first of these factors which we might consider is intelligence. Are criminals more or less intelligent than people in the general population? The answer is: There are undoubtedly dull criminals, and many of them have been apprehended both because they are dull and because they are criminal. Witness this:

There was something about the way W. W., fourteen years old, pulled \$200 from a big roll in a Loop clothing store that caused the clerks to become suspicious. The boy purchased several \$10 silk shirts, a couple of suits, a lounging robe for \$25, a suitcase and a traveling bag, and then he handed a cash boy a \$6 tip.

W. was told to come back for his clothes in a couple of hours, and when he returned he found the police waiting for him. They discovered that he was the boy who earlier in the day walked out of an office, to which he had applied for a job, with a package containing \$1155 temporarily laid aside by the cashier.

Compare this report with the one below:

A. P., the original "chloroform burglar" who looted the homes on Chicago's Gold Coast to the extent of \$100,000 five years ago was shot to death while attempting to rob the home of the president of the C. company. P., once declared to be a "genius gone wrong," was a graduate of W. university, a linguist, an athlete, and opera patron. He had been sentenced to from one to twenty years in Joliet for the most notable list of robberies in the history of Chicago crime. P. once stated that he selected his victims from the Blue Book and Social Register, and never attempted a burglary without an exhaustive study of his victim.

Henry Yudin,<sup>1</sup> psychologist at the Michigan state prison, recently declared that "the average convict is stupid and has a mental age of twelve." He added that the average intelligence of 900 prisoners he tested was dull, and 27 per cent were definitely feeble-minded. Furthermore, he said he was convinced that low intelligence was responsible for their drifting into crime. Lane and

<sup>1</sup> In an interview with the Associated Press, May 1, 1939.

Witty<sup>1</sup> however, found, that the intelligence of 699 delinquent boys whom they had studied did not average lower than that obtained among nondelinquents drawn from racial and socioeconomic groups similar to those of the delinquents. Offenders from broken homes tended to average lower in intelligence than those who had come from homes intact, but the average intelligence of all the delinquents tended to show dull mentality. Thus Yudin's findings and those of Lane and Witty do not disagree. The latter, however, proved that, compared to that of the groups from which the criminals had come, their intelligence was at least average.

One of the most important psychological factors in crime is mental conflict. William Healy in his *Individual Delinquent*, classic volume on the subject, proved that mental conflicts are basic to criminal behavior. Others have written on this subject, and the evidence is now regarded as beyond the possibility of doubt. We might list several of the causes of conflict. First, revolt against father authority, where the father is an especially forbidding, unsympathetic parent. Second, envy of brother and sister, where one gets the feeling that the brother or sister has privileges which one cannot attain. Third, a deep-seated attitude of inferiority, induced by ridicule and discouragement, and the wish to overcome it by attracting attention. Fourth, an attitude of guilt or fear which seeks release through suffering of some kind. Since arrest and imprisonment provide an opportunity for suffering, it is sometimes sought as an end in itself. These conflicts, arising in the family environment, may of course revert to it; but more often they are shifted to the outside world and form the basis of criminal action. Mental conflicts become especially acute when the individual is faced with life's responsibilities, as in the period of adolescence; or in later life, when the individual is faced with important decisions, as in connection with vocational choices or marriage; and finally, in periods of transition from one social role to another, as is the case with the woman who has been separated or divorced.

Crime is basically, then, a matter of aggressive action due to underlying mental conflicts. We must note here that a poor physique, defective vision, short stature (of which one is conscious), an unattractive appearance more or less due to heredity, make

<sup>1</sup> H. A. Lane and P. A. Witty, "The Mental Ability of Delinquent Boys," *Journal of Juvenile Research*, 1935, 19: 1-12

conflicts more numerous and more deep, and predispose to aggressive antisocial conduct. Economic pressures, whether because one is poor, or in spite of the fact that one is rich, increase the range of mental conflicts and give them an immediate outlet in the search for money. Blighted areas make the choice of antisocial solutions for one's conflicts easy, and force decisions on an individual which, in a normal neighborhood, he might not have to make. Finally, the family environment, with its direct and indirect sources of conflict, is at the very bottom of the urges which eventually lead to criminal action.

The causes of crime, then, are complex, and not simple. None of the factors listed may be said to be responsible alone for criminal behavior. It is inadequate physique, family maladjustment, blighted neighborhood setting, and economic pressures, superimposed on a persistent mental conflict over what is right and what is wrong, what is less desirable and what is more so, that collectively explain the origin of criminality in the vast majority of the individuals now filling our penal institutions. In certain instances, the combination need not include all of these factors. In the case of rich people, the neighborhood need not be a factor. In some murder cases, economic motives are not in evidence. There are cases where physical structure does not play a part in crime. At least two factors, however, are always present: family maladjustment and conscious or unconscious conflict preceding the crime.

**Our Emotional Attitude toward Criminals.** No satisfactory system for treating criminals can possibly develop until we understand our attitude toward criminals. Thus we must stop to evaluate the convictions and beliefs we have with regard to criminals. One basic conviction we all have is that criminals do not belong in our social world. This conviction is not especially hard to defend. The criminal does not, and perhaps cannot, claim membership in the world of so-called decent or law-abiding citizens making up the "great society." Does this mean that he does not belong in any social world, that he is a beast, without human contact or social recognition? Indeed not! The criminal, if he belongs anywhere, belongs in the underworld of men and women of his own kind. This is especially true of the recidivist, or repeater in crime. In the underworld, the duties of members are as rigidly defined as are the duties of members in the larger, law-abiding,

group. The definition of underworld duties amounts to a code. Narrowed down to fundamentals, this code says: (a) be "right," that is, do not be like the "good people"; (b) don't "squeal"; (c) don't "double-cross" a pal; (d) be brave; (e) keep your business to yourself; (f) honor a "right guy"; (g) kill a "rat"; (h) steal from those who can afford it, not your own kind; (i) don't get caught; (j) die game. This code operates with absolute certainty in controlling behavior in underworld groups. Punishment for violation comes swiftly. Nevertheless, the rules and the punishment imposed for their violation do not check with those of the larger group. Hence, we have an emotional aversion to the criminal similar to that toward an enemy in wartime.

Obviously, the fact that the underworld defines us as enemies, and threatens our existence, is an important reason for our hostile attitude toward criminals. This, however, is not the only reason. Another reason, not so obvious, is that we, who are law-abiding, who permit the group to check our own unsocial impulses, envy those who have the freedom which we deny ourselves. Our hostile attitude toward criminals is partly due to the fact that we shift our own aggressive impulses, checked by the group, to the criminal who does things which we do not permit ourselves to do. The criminal gives us an opportunity to express our own unsocial impulses in a socially desirable way. But, of course, consciously we do not admit that this is so.

The point just made is a little difficult for us to see. What proof is there that we have unsocial impulses, one might ask, if they are kept in check — that is, kept from clear realization? The only proof of the fact that so-called decent and law-abiding citizens have such impulses is that, at one time or another, virtually all of us committed social wrongs which were punishable but perhaps not punished, merely because we were not recognized, or prosecuted, or treated as offenders. Taking someone else's postage stamp or pencil is as much an act of thievery as the stealing of a pocketbook or bankroll. The beating of a child is a punishable offense in some communities. Advertising worthless goods as first-class goods, a practice far from uncommon, is not lawful. Who shall cast the first stone? Yet we need not conclude that criminals, when sentenced by due process of law, should not be confined to institutions where they can be rehabilitated for their own good

and the good of the group. What we mean to say is that, understanding why our attitude toward criminals tends to be emotional, we shall be in a position to realize what treatment is best, and provide plans for such treatment. Without such realization, proper treatment, much less prevention, of criminal behavior is out of the question.

**Theories of Punishment.** Ellsworth Faris has classified and interpreted five philosophies of punishment. One of these philosophies is *expiation*. This philosophy declares that, in committing a crime, the individual has also committed a sin. Thus he stands guilty before an angry God. The emphasis is on the divinity of criminal law, based fundamentally on reverence for age. The assumption is that suffering on the part of the criminal will somehow overcome his crime. Life, says Faris, however, is asymmetrical. We cannot go back to where we had started. Suffering cannot undo a crime, any more than punishment always causes suffering. The second philosophy of punishment is *retribution* or vengeance. The ultimate justification for this view is found in the logic of Kant, a German philosopher. There is such a thing as abstract justice, said Kant. The highest thing in life, he held, is duty, not happiness. Duty is a "categorical imperative," and thus cannot be reasoned. It can be understood only as part of experience. But if punishment cannot be reasoned, says Faris, neither can guilt. Furthermore, this view implies that punishment alone is moral. Does this mean that forgiveness is immoral? At any rate, this theory does not explain how a given offense and a prescribed form of punishment can ever be equated. Of course, there is such a thing as equating offense and punishment in the eyes of the community, but this is purely a matter of judgment. The third theory of punishment is *deterrence*, or prevention. This view is expounded by another German philosopher, Hegel. The argument here is that we are not so much concerned with a particular offender as with the effect of his deeds upon others. The association of ideas (a theory discarded by psychologists) will bring to potential criminals the memory of punishment, and they will not commit crimes. The naïveté of this view lies in the fact that no one is punished until he is a criminal, and no one needs deterring if he is not criminally inclined. The most important argument against this philosophy is that we have followed it for ages, and



crime has been generally on the increase. The fourth theory of punishment is *disablement*. This view holds that crime can be prevented by capital punishment, or at least life imprisonment. This theory is an admission of failure and, like the theory of prevention, has been used too long to have proved effective in preventing crime. Faris calls it "good but stupid." Fifth and last, we have the theory of *reformation*. This represents a benevolent attitude on the part of the group, an attitude which demands that reeducation should replace punishment. If so, reformation is not the same as punishment, and to classify it in that way is hardly proper.

**The Beginnings of Punishment.** Among primitive peoples of other lands, and among the isolated denizens of our rural mountain and backwoods regions, vengeance is individual. Shooting or throwing a burning fagot at a culprit is not at all uncommon. In totemic society, among primitive groups that are more highly developed, we find no individual vengeance any longer. Vengeance here belongs to the clan, and reprisals are strictly a matter of collective responsibility: one clan attacks another. The avenging party is led by one of the victim's relatives, while the defensive party is led by the offender. In a somewhat later stage of development, group contests are replaced by individual contests, each group selecting one individual to represent it. This is found among Australians, but the best known illustration in our own literature is the story of Sohrab and Rustum. Among some Australians custom requires that the offender submit to a shower of spears and boomerangs, and thus no contest is required. These are the various forms of what is known as "blood revenge."

Blood fines, or redemption of the offender, as a substitute for blood revenge, came in with the institution of private property. Among the Iroquois, for example, sixty presents had to be handed to the relatives of injured kin. Following the stages of (a) individual revenge, (b) group revenge, and (c) blood redemption, we advanced to the stage of what is known as (d) "public jurisdiction." This, the most complicated form of punishment, appears in four different ways. In some groups, sentence is imposed by the chief or chiefs and the clan or family of the injured individual carry out the sentence (Africa). In some groups the kin punish, but the group prescribes the manner of punishment (Abyssinia). Thus no sentence is needed in individual instances. Custom operates auto-

matically. There are groups in which the right to kill is withdrawn from the kin of the injured one (Samoa). Here the right of the kin is reduced to mere form. The offender is deposited before the family dwelling, and his punishment, though administered by the group, is made to appear as if the family were administering it. The fourth type of public jurisdiction came in with the kings. The king, projecting his ego on the state, regards himself as offended. Hence it is no longer a matter of dispute between individuals. The state convicts, and executes as well. The injured party is merely used as a witness in behalf of the state. With some modifications, this is the procedure used in this country today. Hence the announcement before a judge takes up a case in court that "The People of the State of X (are arraigned) versus John Z."

**History of Punishment in Europe and America.** American methods of punishment go back to certain European antecedents. It was Europeans who first brought these methods to this continent as a result of their own experience with crime. Capital punishment was very popular in Europe, and so it was with the early settlers here. Burning, beheading, drowning, hanging, crucifying, strangling, drawing and quartering, boiling, throwing to serpents and beasts are a few of the social delicacies which the medieval public of Europe indulged and encouraged. Not all of these were transferred to this continent, but many of them were. Among the minor forms of punishment in colonial America, history records flaying, starving, and public exposure at the whipping post. Incarceration, as a more humane form of treatment, followed these early methods of disciplining offenders. Confinement to separate quarters, castles, fortresses, hospitals, and even convents and monasteries, curiously enough preceded confinement to prisons.

It was during the Elizabethan period that confinement to jails and workhouses first came into practice. Thus originated the present prison system. The same idea, of reform through work, came into use almost a century afterward under the influence of Pope Clement XI, who established the Hospital of St. Michael at Rome. Over the gates of this institution the pope placed the inscription:

"For the correction and instruction of profligate youth, that they who when idle were injurious, may when taught become useful to the State."

This laid the foundation of reformatories for youth. One fault remained. The work done in reformatories and prisons was under private control by contract arrangement with the state. Heavy irons, starvation, lack of sanitation, the presence of dissolute women within prisons, and the exploitation of the prisons for the jailers' profit, constituted some of the shortcomings of the system. John Howard, an outstanding exponent of prison reform in England, started a campaign in the eighteenth century, designed to alleviate these wrongs.

The first penitentiary was established at Ghent, Belgium, under the influence of Vilain, "the father of penitentiary science," at about the time of the American Revolution. The penitentiary was a workhouse based on the system that a misbehaving prisoner should have his sentence extended, and one behaving properly should have it shortened. This served as a premature beginning of the indeterminate sentence theory. In this country the Quakers played a notable part in helping bring about rational prison reforms. William Penn abolished capital punishment in Pennsylvania, and the Eastern State Penitentiary in Philadelphia became a model prison for its day. This was a day when, in England, death was still inflicted for more than 200 crimes. The movement to institute solitary confinement began in 1817. This led to the building of the Western Penitentiary of the State of Pennsylvania shortly afterwards. Later, the Auburn prison, in the state of New York, changed this arrangement to solitary confinement at night and congregate care in the daytime. Neither approach, of course, helped alleviate crime or cure criminals. The Elmira, New York, prison established in 1870, first introduced work, education, and religion as essentials in rehabilitation.

The indeterminate sentence, almost a hundred years after Vilain had thought of it, finally became part of this system. The fact that the indeterminate sentence, now in effect in most modern penitentiaries and prisons, has not in itself materially reduced the rate of crime is no indication of its ineffectiveness. Other factors enter in to make for success or failure in the reformation of prisoners. Some of these factors are (a) the organization and operation of our police system; (b) the organization and operation of our probation and parole systems; (c) the nature of the "inner life" of jails and penitentiaries; and (d) certain vestiges of cruel

and unenlightened practices, equipment, and personnel which are still found in every state as reminders of the past.

**Crime Detection: the First Step in Treating Criminals.** It is obvious to anyone who has given it some thought that just punishment cannot be meted out at all if the police use careless means of gathering evidence against suspects. The Haymarket riot mistake has been historically verified. The case of Sacco and Vanzetti was declared by authorities to have been based on notoriously faulty evidence. The Scottsboro boys were repeatedly found guilty, only to have their sentences reversed in higher courts. The Mooney case merited the intervention of President Wilson, but local authorities continued to keep Mooney in prison until Governor Olson of California granted him a pardon. Joseph Hillstrom, for whom President Wilson also intervened, died unwilling to admit that he was guilty of murder. A Boston cab driver, Clement Molway by name, was arrested and charged with murder which, fortunately, newspaper reporters discovered someone else had committed. The Archer-Shee case, involving an English cadet falsely charged with stealing, stirred the entire British Empire at one time, and finally led to the vindication of the boy, after much humiliation and irreparable suffering. The case of Jacob Frank, an engineer, accused of rape and murder on merely circumstantial evidence, ended in a lynching before the authorities had a chance to act on an appeal. Five years later another man confessed to the crime. Most of these cases need only mentioning to give the reader a poignant realization of what innocent detention and jail service might mean.

It is the height of criminality to imprison one not guilty of crime. Yet such imprisonment cannot be attributed entirely to the activities of the police. The latter have been charged with indifference due to a sense of futility about their work. They have been charged with corruption. They have been charged with sadistic cruelty in strikebreaking activities. Police brutality, as shown in third degree procedures, have given some of the American metropolitan police a name not much better than that enjoyed by the Gestapo. Arrogance displayed by the police toward honest citizens has attracted the attention of those interested in civil liberties again and again. No doubt the lack of training on the part of our police, and the lack of fundamental education, are

largely responsible for these complaints. The sentencing of innocents, however, is not due to negligence, corruption, or arrogance. It may and may not be due to brutality and "forced confessions." It is probably due to the eagerness of the police to prove their worth — their overassertiveness, rather than their laxity. Such eagerness can be tempered only by the means for the scientific detection of guilt. Such means are being developed: ballistics, chemistry (especially toxicology), microscopy (especially microphotography), not to mention fingerprinting, hypnosis, and other methods in use for some time. The men now being employed by the Federal Bureau of Investigation are becoming models of detective service. They are college-bred, grounded in accountancy and law, and equipped with high-grade intelligence. With better means of garnering evidence, and with more intelligence and training on the part of the police, we should get not only a diminishing number of innocent victims of overzealous but ignorant attempts to protect the population from the criminal, but also more efficiency in crime detection.

**Methods of Treating Criminals Following Detection.** When the accused is brought to trial, the state has taken the second step in treating him. Now a number of problems come to the front. We might mention first the lack of uniformity in the criminal laws of our states. What this means in escaping social treatment for crime is reasonably clear. The training of lawyers, prosecutors, and judges is another matter of importance. The lack of training in psychology, sociology, anthropology, and economics is particularly glaring. Internship in jail, and familiarity with jail procedures at first hand, are badly needed for all those engaged in law practice, especially for those on the bench. The need of having judges serve as prosecutors and public defenders before qualifying for office is also indicated. But, above all, the institution of the jury requires attention. Grand juries, investigating crimes in an attempt to find independent evidence, are hampered in their work by their dependence on the office of the county (or state's) attorney. Petit juries (consisting of 12 citizens serving at court in individual cases) are even more in need of reconstruction. Time was when the petit jury served as a protection against the arbitrary rule of kings. Now its usefulness is limited by the fact that jurors merely prolong the trial and introduce an element

which has been shown often to be subject to control from the outside. These matters, exceedingly important in themselves, will be reconsidered in a later chapter.

The details of trial procedure also will be taken up in the chapter just mentioned. The disposal of the case, however, once an individual is examined by the judge and jury, may be considered at this point. One decision possible is the so-called suspended sentence. This means freedom for the accused, subject to good behavior over a given period and his reappearance at court at a later date. This differs from a probationary sentence in that it carries no supervision with it, while probation means release under surveillance for a stated period. The first probation law was enacted in 1901, and it is still considered the most hopeful form of treatment. As a test-release on good behavior, it gives the offender not merely a chance to resume normal life, but it affords him the aid of a person who helps him make normal social and economic adjustments. In many cases social workers assist probation officers, especially in the treatment of juvenile delinquents. Probation officers now engaged in the more progressive urban centers tend to be themselves college-trained individuals of broad experience in social work.

Parole should be differentiated from the two types of sentence discussed above. Suspended sentences and probation do not involve a term in prison. Parole always follows such a term. Paroles should be also distinguished from pardons and commutations of sentence. Pardons are acts of executive (mayoral, gubernatorial, or presidential) clemency. They may come immediately after sentence is passed, or at any time thereafter. Their object is not only to save the individual from going to prison, but to remove the stigma of guilt from his record. Commutations refer to release from prison before the term had been served. They do not change the implication that the individual committed a crime, and are generally subject to approval by a parole board which investigates the prisoner and acts on his application, after the jail warden has approved it. Following the commutation, the individual is generally placed on parole. This simply means that he continues his sentence outside the prison under the care of the state. However, theoretically he need not be so placed.

Most states have parole provisions. The institution of parole is

considered one of the greatest achievements in the treatment of offenders. Yet parole frequently has been opposed by those who refuse to admit that prisoners return to society as members, whether they return as citizens (possessing civil rights) or not. As we have already seen, a sentence may be fixed by the legislature (through law), a judge, an executive, or a board. In indeterminate sentences, judges do not fix the sentence with precision. They merely fix the minimum or the maximum, leaving it to the parole board to decide how long the prisoner is to remain in jail.

For some years sociologists have entertained the hope that a scientifically valid parole-prediction scale could be devised. Such a scale, if accurate enough, might be used, they thought, to predict with relative accuracy whether a certain prisoner, when paroled, would make an adequate adjustment outside. With the name of Ernest W. Burgess of the University of Chicago is connected the first attempt to devise a parole-prediction scale for prisoners. This scale was prepared in 1929. Burgess' scale was the result of a searching analysis of available material on parole violation over a period of years. His prediction system aims at giving the prisoner a "rehabilitation quotient" based on 21 factors:

nature of offense	resident or transient, where arrest took place
number of associates in committing crime	statement of trial judge and prosecutor
nationality of father	nature and length of sentence
parental status (including broken home)	portion of sentence actually served
marital status of inmate	previous criminal record
type of criminal (first offender, occasional offender, recidivist, etc.)	previous work record
social type (hobo, gangster, etc.)	punishment record in prison
county from which committed	age at time of application
size of community	mental age or I.Q.
type of neighborhood	personality type
	psychiatric prognosis

Using these factors, Burgess constructed a point scale, the application of which gave him an expectancy table. Employed in various states, this scale has given remarkable results. In the state of Minnesota, as reported by George B. Vold,<sup>1</sup> "parole prediction seems to have worked within the limits of 2 per cent error." With the

<sup>1</sup> G. B. Vold, "Do Parole Prediction Tables Work in Practice?" *Proceedings. American Sociological Society*, 1931, 25: 136-138.

decrease in the number of favorable points on the scale, the chances of parole violation tend to increase. In other words, the more points in favor of the prisoner, the greater his chances of adjustment on parole.

**The Odium of Jail Life.** Referring to our penal institutions the psychiatrist William Healy has said: "There is no clearer proof of the nonexistence of an applied science in the study of criminals than in the figures of recidivism or in the failure of our penal agencies." What purposes do prisons serve? They aim to confine, reform, and deter criminals, but they fail to accomplish the last two aims to a notable degree. The failures of our prisons are owing to (a) inefficiency of administration and the employment of untrained personnel; (b) mass treatment by inflexible routine; (c) lack of useful employment and (in some cases) vile or cruel living conditions, which interfere with adjustment within prisons and bid ill for adjustment outside; (d) overcrowding, which results in idleness at the expense of taxpayers; and (e) "postgraduate work" in vice and crime techniques, which are at once dangerous and demoralizing. These failures point the way to reforms of all kinds. The most important of these, as suggested by Burgess, is taking crime treatment out of the hands of politicians, and creating a full-time board of prison administration, serving staggered terms of fifteen years. This board should take full charge of all phases of penal work, including probation supervision and the appointment of personnel. Major changes are also needed in both prison routine and the maintenance of prisons.

A prison must be regarded as an institution where a compulsory system of reeducation is being carried out. From this point of view, a prison must determine by careful analysis the prisoner's chances of returning to his community as a useful citizen. Psychology, psychiatry, and sociology cooperate in making this analysis. The psychologist uses group and individual tests of intelligence to determine the mental age of the individual. The psychiatrist investigates emotional factors in the adjustment of the individual. The sociologist inquires, among other things, into the social roles which the individual has played in various groups. Together, they amass considerable information about the prisoner's general intelligence and ability to profit by vocational training, his social background and education, and his major "complexes" or emotional



strictures. This information makes possible adequate planning of the criminal's readjustment by means of a work-training-recreation program. The first step in such a program, aiming at reconstructing personalities rather than avenging wrongs committed by monsters or beasts, is proper classification within the prison. Classification based on physical health or sickness is primary. Classification on the basis of age is important. Classification based on normal or defective intelligence is another essential. Classification to take into account emotional "twists," and abnormal mentality, is a basic requisite. Finally, classification on the basis of social traits appears to be exceedingly important.

Classification alone, however, will not accomplish the desired aim. On the basis of a well-thought-out classification, individual treatment plans can be developed. Those who are obviously non-reformable: low-grade feeble-minded individuals, parietic convicts, and insane convicts suffering from incurable mental diseases, should be remanded to hospitals where they belong. There would remain the group which could not be trusted on probation at the outset. This group should first of all receive all available medical aid in removing remediable physical illnesses and handicaps. In many cases, this may mean treating long neglected conditions by surgery. Psychopathic conditions should receive psychiatric and psychological assistance until a new social attitude is established. Social reeducation, through such means as Warden Osborne's Mutual Welfare League, can help restore self-respect and an attitude of responsibility. The prison government can be so reorganized as to facilitate wider participation of inmates in the life of the prison community. One sociologist, Edgar W. Voelker, has suggested that "participation in the government of his community would help each prisoner to identify himself with the whole community and would enlist his co-operation with that of the prison guards and officials." The prison is a community, whether the outside world so considers it or not. Using it to bridge the gap between the period of reconstruction and the period of freedom is of uncommon importance. The future of the prisoner, however, requires also training in a trade or profession to which he can look for economic and social adjustment. This may mean help in securing employment and friendly after-care similar to that given discharged hospital patients. In case of relapse, the individual

should be taken back for further treatment. If several experiments have failed, the individual should be considered for permanent state custody, as socially incurable. Prisons can thus render a great social service. They need not be vile, filthy headquarters for compulsory training of less experienced criminals by those with ample experience. They need not be institutions where mentally maladjusted individuals become even more maladjusted. They need not be temporary stopovers where an individual at best merely takes an enforced vacation between periods of socially harmful activity.

**The Prevention of Delinquency and Crime.** The problem of crime prevention, insofar as it depends on the treatment of prisoners, has been discussed. In a general way, treatment demands the recognition that criminals are human beings, that they must be treated dispassionately as maladjusted individuals; that courts should concern themselves with criminals and not with crimes; and that the future of the criminals, and the welfare of society, rather than a sentence, should be the aim of imprisonment. A program of prevention, however, is broader than the treatment of the apprehended, or even acknowledged, offender. It reaches back to the causal factors which we had occasion to consider earlier in this chapter.

So far as hereditary factors are concerned, little can be done. Except by means of eugenics, biological factors offer little hope of improvement. But as long as we are not convinced that all individuals with misshaped skulls and ugly faces are a potential menace to their communities, we cannot advocate eugenics as a method of treatment. As for inherited behavior tendencies, it is increasingly recognized that criminal tendencies are not inheritable. The improvement of an individual's health, and of his physique, however, is possible. This requires effective social work, and is merely one of the aspects of social and psychological adjustment requiring outside help.

Economic factors are of outstanding importance, as previous chapters have shown. Conditions which make normal economic living possible also lead to normal mental adjustment. Workers employed at substandard wages, or altogether unemployed; youth not prepared for matrimony, because of the long stairway of adjustments needed to become established economically; and the use

of gambling devices as a way out of harsh economic competition, are a menace to the community in more than one way. Incidentally, they facilitate criminal careers. Fascist plans to reduce incomes, or to keep them stationary, must be considered stimuli, not hindrances, to crime. Relief measures are essential, if we recognize that there always are unemployables. Government projects are extremely vital, as the reduction in certain types of crimes has shown during the depression. Most important are plans for the employment of employables at no less than minimum-wage levels. Security in a democratic society is a most important means of crime prevention. To the extent to which there is no security, there is likely to be a rise in criminality.

Regional (ecological) factors in criminality are closely tied to the economic factors. After all, "delinquency areas" are areas of disrupted community ties primarily due not to mobility but to poverty and substandard housing facilities. Blighted areas require legislation to raze all uninhabitable houses, and to substitute adequate private or public housing which can be rented at reasonable cost. A democratic republic cannot afford to have people poorly housed, clothed, and fed. But, in addition to housing needs in blighted areas, we must have proper provision for public recreation. Leisure-time activities must be encouraged and properly directed. Status-giving group activities, especially, appear important. A boy who has status in legitimate group activities, such as boy scouting, does not seek status in criminal gangs. Activities which help to develop talent are no less important. A boy who has his talents recognized and who can hope for their utilization in the future does not seek to rob and kill for distinction, or even for profit.

Familial factors loom large in the causes of crime. Broken homes, mismanaged homes, homes torn by conflict are curable to an extent. Parental education demands a new type of schooling, to which we must begin to give increasing heed. Adult education, because of our population trends, pointed out in an earlier chapter, must enter a new phase of development. Parents must be taught the arts of life, of peaceful adjustment, and of psychological child care. Perhaps parent-teacher groups ought to begin to play a more important role than they have played until now. It is not unreasonable to expect that parents be required to attend, at

regular intervals, sessions designed to acquaint them with the problems of youth, and that teachers or principals be required to seek contact with all parents of problem children. In regions in which contacts between school and home are promoted, delinquency is noticeably on the downgrade.

Finally we come to the psychological causes of crime. The suggestions along this line can be stated rather briefly. We must recognize the need for early psychological, psychiatric, and sociological diagnosis in the life of every child. Mental conflicts should be detected at an early age, and some attempt made to relieve them. Above all, the child's life must be given proper direction by affording him vocational guidance at the beginning of the adolescent or even preadolescent period. Nothing so stabilizes a young individual as the certainty that he will have a role to play in the life of the group, a role that will bring him security as well as recognition.

#### TERMS TO BE UNDERSTOOD

crime	rate of delinquency
delinquency	probation
atavism	indeterminate sentence
individual vengeance	pardon
group vengeance	suspended sentence
blood revenge	commutation of sentence
blood fines or redemption	parole
public jurisdiction	parole prediction
expiation	penal reform
retribution	recidivism
deterrence	reformation
delinquency areas	mental conflict

#### QUESTIONS FOR DISCUSSION

1. Are sex and age differences in criminality proof of the biological causes of human behavior? Why or why not?
2. In view of Hooton's and Goring's researches, what would you say is the present attitude toward Lombroso's theory?
3. Why is it incorrect to say that the intelligence of convicts shows low intelligence to be a factor in crime?
4. H. L. Mencken once suggested that we punish pickpockets by cutting off their index fingers. What do you think of the suggestion?
5. Flogging is an old method of punishment. What do you think of using it as a means of crime prevention? Is it likely to be more or less effective than locking individual offenders in small steel cells?

6. What is your attitude on the value of the indeterminate sentence? Does it seem to you more scientific, or less, than the method of letting a judge fix the term of imprisonment?

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## LEISURE AND RECREATION

**The Need for Recreation.** Primitive people do not need recreation. They do not have to break away from work to seek their "freedom." Not that they are free from the customs of their group. As a matter of fact, their freedom is more limited than ours. Freedom comes with civilization. Primitives do not even understand what freedom means. They certainly do not appreciate its far-reaching influence. Yet primitives have advantages which modern man is denied. They do not engage in work which is simultaneously boring, confining, and exhausting. They enjoy their work, because they combine what we call "recreation" with it. Songs, games, ceremonials accompany their work. Furthermore, they have no hours for hunting or fishing. Hence they do not speak of work hours or leisure time. They have no work whose meaning they do not understand and whose goals they cannot foresee. Hence, they need no recreation.

It is sometimes said that the Industrial Revolution brought civilization with it. That is true; but it also brought other things. In the first place, it has made competition keener. Of course, it did not do so all at once. The industrial improvements which changed our mode of living crept in slowly, almost surreptitiously. As competition, due to machine production, began to be felt in industrial centers, some men began to escape from the cities to the wide open spaces. They built their homes there, and stayed. Then immigrants came in to replace them. Driven by the rising costs of living, city workers crossed the Alleghenies. Then they crossed the Rockies. Then they overran California and the Southwest. They kept pushing the frontier ahead, until the frontier was no more. Once unoccupied lands were occupied. The forests were cleared, in some cases denuded. Wild life was destroyed. The marshes were dried. Whither now? Back to the cities, ultimately, where competition was getting more and more severe. The drift from the land to the cities began to increase steadily.

Another effect of the Industrial Revolution is found in the increased tempo of life, and the drudgery of work. Driven by unavoidable competition, man had to speed up not only production but all his undertakings. Unable to envisage the end result of his work, because machine production meant specialized production, modern man lost interest in his work. Thus his work became drudgery to him. There are two evidences of this. One of these is the increased number of mental and nervous breakdowns. In the state of Illinois alone the number of inmates in hospitals for the insane has doubled in the last twenty-five years. Another is the growth in number of heart failures. In 1900, 137 people in each 1,000 population died of heart disease. The increase, as seen in the statistics of the last few years, is phenomenal. With the death rate generally falling, the Chicago Heart Association has reported the following statistics for people who died between 1933 and 1938:

TABLE XXIII

<i>Year</i>	<i>Heart Diseases Per Cent</i>	<i>Other Diseases Per Cent</i>
1933 . . . . .	25.7	74.3
1934 . . . . .	26.6	73 4
1935 . . . . .	28 5	71.5
1936 . . . . .	30 7	69 3
1937 . . . . .	31.2	68 8
1938 . . . . .	32.5	67 5

As compared with 1900, this shows an increase of almost 19 per cent in those destroyed by heart disease, itself due to the strain and stress of modern existence.

The two effects thus far reviewed seem to be anything but desirable. It is well known, however, that the Industrial Revolution did not bring us sorrow alone. In many respects it has helped to make life richer and fuller than it had been. Not to mention the higher standard of living, easily the most important contribution made by the machine, we might call attention to the shortened hours of employment and the longer leisure hours it has brought humanity. Whereas three, and even two, generations ago men toiled fourteen hours, slept eight, and had but two hours' leisure left, they now have eight hours for each: work, sleep, and leisure. Thus the Industrial Revolution has emancipated man from the

drudgery of work by forcing greater drudgery upon him. But it has shortened the hours of drudgery. It had to shorten them. With the tightening of industrial discipline, with speed-up methods forcing greater and greater exertion, industry and commerce have begun to introduce vacation periods (generally with pay), during which employees can relieve themselves of tensions acquired while at work. This is for the good of industry no less than for the good of the worker. The question still remaining is what to do with the increased hours of leisure. There are a few men among us whose work, like that of the primitive, is creative, and enjoyable. Their

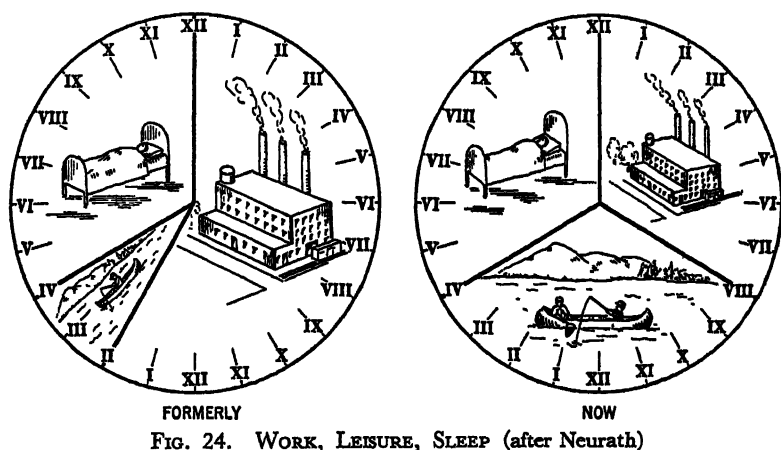


FIG. 24. WORK, LEISURE, SLEEP (after Neurath)

leisure is filled with the same kind of work as they do in their hours of employment or in the course of their professional routine. But most people are not that well off. To them the hours of leisure are more of a challenge than a privilege. (See Fig 24.)

To ask how people spend their leisure hours is to speak of two diverse trends in our population. The well-to-do have access to private pools, private aviation, and what one sociologist has called "a long stairway of contact institutions." These include music, art, literature, tennis, golf, professional sports, cultural clubs, and so forth. The man of small means was at one time able to get his two hours' leisure spent in a quiet walk along the country road, a visit to the neighborhood store or the railroad station, and simple house parties (spelling bees, dances, etc.). The young would find enjoyment in "the ole swimmin' hole." No longer is the country road safe. City flats are too small for entertainment. The corner



store does not encourage loitering by older people. The railroad station has ceased to be a source of stimulation and wonder, and is no longer available to city folk. The swimming hole is no more. Thus the poor must grasp, and cling to, the few things remaining. The gasoline-box, propelled on wheels, is not primarily a sign of prosperity and a source of status, but a means of escaping from home in one's hours of leisure. Only one family in five owns a gasoline-box, however. How does the rest of America use its leisure? Some use intoxicants. Others use commercialized amusement agencies.

**Is Commercialized Amusement Recreation?** Commercialized amusements are the answer to the need of the average man for worth-while activities in his leisure hours. There are two reasons for their popularity. In the first place, they require no exertion and, to those laboring under strain, they seem to offer a solution to the leisure problem. In the second place, municipalities and states until recently did very little to replace the waning leisure-time activities of previous generations. It has been estimated that commercialized amusements have a total intake of ten to twenty billion dollars a year. One sociologist, J. F. Steiner, estimating the cost to be only ten billions, left out candy, gum, tobacco, liquor, prostitution, and gambling. Admissions to places of amusement alone, estimated from records of receipts, total well over two billion one million dollars per year.

There is the cabaret. In Europe, this is a fairly reputable institution, but in America debutantes and prostitutes, college boys and criminals rub shoulders with each other, as if they had a common interest in the cabaret. The chief offerings of a cabaret are drinks, gambling, and dancing. There is a very close alliance with vice. Walter Reckless, sociologist, in a study of cabarets, found their locations to coincide with those of vice resorts in 89 per cent of the cases. Cabarets are owned by criminal elements who are primarily interested in gambling. Hence it is they who give tone to these places of amusement.

There is the night club. A night club is a cabaret with looser standards. The hostesses who are assigned to entertain guests in night clubs are seldom desirable company. They eat fancy foods, help guests gulp down their liquor unafraid, and carry on a line of small talk which is supposed to "chase away the blues." Of

373 clubs investigated by the Committee of Fourteen in metropolitan New York, only 52 were called respectable. About 800 women interviewed in these clubs amply justified the suspicion long expressed by students of these institutions, that night clubs are lineal descendants of the old disorderly house.

There is the roadhouse too. The distinguishing feature of this institution is the small amount of control exercised over it by the authorities. Control by municipal government is of course impossible, because of the location of these institutions outside of city boundaries. Control by state and county authorities is either lax or absent. The reason for this is that roadhouses are a vital source of revenue, and any kind of control would threaten their existence. Drunkenness, sex delinquency, and gambling are rife. Vicious and criminal elements are in full control. In a study of 171 roadhouses made in the Chicago area a few years ago, it was found that prostitution was either practiced, or encouraged by various means, in about 25 per cent of them. Public dance halls, taxi-dance halls, taverns, burlesques, and brothels could be brought in to complete the picture of commercialized amusements of a more venal sort, but the point is clear. They are not recreational in nature.

Turning to commercialized amusements of a more acceptable type, we take up the movies first. The industry represents a total investment of two billion dollars. A few years ago, the number of moving-picture theaters in the United States exceeded twenty-three thousand. The seating capacity was estimated to be around eleven and a half million. There is an estimated weekly attendance of between 100-150 million people in moving picture theaters, a number roughly equal to that of the entire population of the United States. This does not mean that everyone in this country goes to movies at least once a week. It means that many individuals attend movies more than once a week.

Radio is a largely commercialized form of amusement which exercises a tremendous influence on its listeners. There were thirty-seven million radios in American homes in 1939. These are more used than books. In New York City, high school students have been found to spend, on the average, two hours a day listening to radio programs, but only one hour and twenty minutes reading. Nearly all youths listen to radios to some extent, but

only 2 per cent, a study showed, listen to forums or educational programs. Lumley<sup>1</sup> reports the following order of public preference in listening to radio:

- |                  |                       |                         |
|------------------|-----------------------|-------------------------|
| 1. popular music | 5. classical music    | 9. educational talks    |
| 2. comedy        | 6. talks in general   | 10. children's programs |
| 3. drama         | 7. religious programs | 11. special features    |
| 4. sports        | 8. news and markets   | 12. women's programs    |

This order is based on a study made in 1934. With the possible exception of news (due to the war situation) and popular music, it is probably much the same now as it was then. The important fact is that the radio is not used for recreational purposes *primarily*. Not that recreation could not be made entertaining, but radio entertainment is not always recreational. Of course, no radio program could ever replace, even when television is inducted into use, the direct influence of one person on another. This is indeed its greatest drawback as an agency of recreation. It is the same drawback which must be charged to movies as well. The radio and movies alike keep individuals from social contact and its enormous effect on personal development. They furthermore keep individuals indoors. They keep them passive. If they thus compete unduly with more desirable forms of recreation, it is not because they are more valuable, but because they are more effective in attracting audiences. And they are more effective because they exploit the well-known principle of least resistance.

**What Is Recreation?** Commercial amusements are not the only false gods at whose shrines people in need of recreation worship in vain. Some people believe that idling is a form of recreation. R. L. Stevenson wrote a magnificent essay in defense of the idler, but idling is far from serving recreational ends. The reason for it is that it does nothing constructive for the individual concerned. It does not slow down the tempo of life, and it does not release the strain created by the tempo. Rest, when used as a synonym for recreation, is clearly a misnomer. As E. A. Ross once said. "What the worker covets is not rest; else why not lounge away his holiday on the back porch?" Neither is change of activity recreation. A doctor who does janitorial work on his vacation may or may not get what he needs in recreation. A hotel clerk may not feel that working as a stevedore is recreation to him. A piano

<sup>1</sup> F. E. Lumley, *Measurement in Radio*, Ohio State University, 1934.

mover who does a teamster's work for a change will not find that he has gotten recreation. Mere "change of scenery" is not recreation. The "infant industry" of Callander, Canada, where the quint's are kept on display, and where Americans go to spend twenty-five million dollars yearly, is hardly a form of recreation, interesting though it is.

Of all the antonyms of recreation, play is probably the most popular. There are three theories of play. One of these, proposed by Schiller and Spencer,<sup>1</sup> is known as the "surplus energy theory." This theory asserts that people play because they must drain off the energy left after they have attended to the necessities of life. In regard to this, a social worker, Joseph Lee, once said: "Yes, the boy plays because of surplus energy; and Raphael painted his Sistine Madonna because of surplus paint." Another theory was proposed by Groos<sup>2</sup> who held that play is an instinct inherited by animals to serve the purposes of education. The animal, according to Groos, has a period of adolescence in order to play. The criticism of this theory is that (a) there are no instincts recognized by psychologists and (b) if there were some instincts, education would have to take care of them, instead of letting them take care of education. A third theory, sponsored by G. S. Hall,<sup>3</sup> an American psychologist, is based on the principle of "recapitulation." Hall believed that play is a characteristic symptom of development. He saw in it a stage in the development of the individual which corresponds to the development of the human race. In other words, he said that if the race passed through a period of savagery, individuals must pass through the period of play. The difficulty with this theory is that recapitulation as such is no longer accepted in psychology. Man does not repeat the history of the race in his own growth. Furthermore, play activities continue too long for one to limit them to a special period of life. The only theory we might accept is that play is an activity itself. When we do something for its own sake, we play. The millions who have hobbies, such as collecting, are engaged in play. The nature of play makes no difference, as long as it is aimless, not "practical." Play may

<sup>1</sup> See J. F. Steiner, *Community Organization*, D. Appleton-Century Company, New York, 1930.

<sup>2</sup> Karl Groos, *The Play of Man* (tr. by E. L. Baldwin), New York, 1901.

<sup>3</sup> G. S. Hall, *Youth Its Education, Regimen, and Hygiene*, New York, 1906.

serve as a retreat from reality and as a relief from strain, but it is not recreation. Play, by definition, has no aim; and recreation should have one.

Appreciating the need for recreation, knowing the extent of that need, understanding what is not recreation, suggests what recreation ought to be. Recreation, properly defined, means re-creation. It means release from the tensions created by modern industrial competition. It means the return of neglected opportunities to those who had no time to utilize opportunities when they did come. It means greater self-realization, the expression of balked desires through participation in meaningful social activity.

Not all types of recreation are equally valuable to all people. Psychologists have discovered that pleasing, well-balanced personalities are a matter of habit and skill which can be deliberately cultivated. Games and amusements can be used to cultivate such personalities. Now we know that certain of these contribute much to this goal; others, little. Amusements contributing most are those involving activity and physical exercise. Concentrating on one or two athletic sports is less desirable than concentrating on five or six, because variety helps one secure continuous activity of this kind. The more games, too, the more friends and acquaintances one gets. Indoor amusements, such as parties, dancing, bridge, ping-pong, and billiards, are clearly recreational. They all require action, association with other human beings, and, above all, an interchange of emotional influence which is highly beneficial. Anger, laughter, fear — all these must and can receive expression through proper amusements. Dancing and bridge are among the most desirable forms of recreation for these reasons. In addition, they promote poise and provide relaxation. Listening to radios, attending movies, not to mention some other types of commercialized amusements, do not accomplish these ends.

In our schools we do not help people develop proper recreational outlets. Perhaps that is why, for every dollar spent for liquor, Americans spend a penny for athletic goods. We teach football, basketball, track-running; but we teach them to a small group of keenly interested youngsters. The vast majority are taught to be receptive, not to participate actively. Even the small group that learns these skills, however, loses them by and by, because in adult life they are seldom available as outlets. Most people thus

become the victims of two dread illnesses: "spectatoritis" and "listenitis." Neither of these is recreation. Watching and listening to fun is not the same as having it. Tennis, golf, swimming are not receiving enough, if any, attention in our schools. These skills could last us through life. They could serve the ends of recreation.

In summarizing, we can say that proper recreation must have four goals. All of them must be met, if recreation is to be re-creation. The behavior involved must be active. It must consist largely of physical or of mental effort, depending on which of these is least a part of the individual's daily routine. It must involve social contact, mutual interstimulation. Finally, it must provide a way for the release of emotions. Unless it meets these qualifications, an activity cannot be regarded as truly re-creational.

**Some Types of Recreation.** The amateur stage play is a vital source of recreation. But the recognition of its usefulness has varied from time to time. As a result, the amateur play movement in the United States has gone through many changes. At one time it was limited to little children. Now it aims to benefit children and adults of all ages. At one time, facilities for plays were considered usable only in the summertime. Now they are in demand throughout the year. Not long ago plays were based on outdoor activities and equipment. Now both outdoor and indoor facilities and events are popular. Congested urban communities were first to receive the benefit of amateur plays through recreation centers. Now all urban and many rural communities, regardless of population density, stage plays. Private philanthropies had got the play movement under way. Now community support and control seem to be increasingly in evidence. From a simple, verbal exercise, the play has passed to the stage where it includes manual, physical (total bodily), esthetic, social, and civic projects as well. From something of purely individual interest, the play movement advanced to the stage of group and community interest.

Small orchestras, recitals, painting and sketching facilities, carving, modeling, and drawing are some activities of recreational value which are coming to be part of the community recreation movement throughout the nation. Good music is being broadcast through the radio to millions. Opera is becoming known and appreciated. The value of opera and music, however, does not lie

in their popularity as passive activities. They are stimuli to communal effort in developing local talent and giving men and women of all ages an opportunity to seek the fulfillment of their aims, the completion of their inner ambitions to a point never recognized before.

The library is not often thought of as a source of recreation. Not that it does not have a function to perform. It is a source of vicarious satisfaction where re-creation through overt social contact is either impossible or ineffective. With most youths, of course, reading is limited to newspapers, popular fiction magazines, and various inferior books. Between the ages of sixteen and twenty-four, very little reading is done. Besides, one-third of our population is outside the reach of libraries. More than half our youth living in the country cannot now reach libraries. But, even in our cities, only half the youth use libraries, though they have them within reach.

"Middletown," a fictitious name for a typical American town investigated by the Lynds, reads more library books in bad times than in good. The reasons are obvious. There is more enforced leisure in time of depression. There is more need for retreat from life. There is also less purchasing power for books. Hence, the library. Between 1925 and 1929, there had been an increase of only 15 per cent in the reading public of the typical town, while the population increased 25 per cent. Between 1929 and 1933, library users increased 108 per cent. This was three to five times the increase in the town's population. In 1933, every cardholder was reading, on the average, twenty books a year. Considering that University of Chicago students reputedly read from fifty to eighty-five books a year, this is indeed a surprising showing. And the number of readers is increasing. Thirty-five cities of more than 100,000 reported increased use of books in 1938 as compared with 1937.

The value of the library lies in the fact that reading can effect an equilibrium between conflicting impulses. It may satisfy unsocial cravings by letting us enjoy the downfall of a villain. It can prevent the ravaging effects of fear by making it possible for us to identify ourselves with fearless characters. Lately, so-called children's literature has been on the wane. Librarians report that children prefer factual books to fairy tales. This was true of 83

per cent of the children in a western public library in 1939.<sup>1</sup> Evidently children no longer seek escape from life by identifying themselves with fictitious characters. Perhaps the stirring events of our times have something to do with that. Perhaps these also account for the fact that nonfiction reading is on the increase, vocational books are becoming increasingly popular, and books on how-to-do-things are growing in popularity. Books on aviation, radio, television, photography, and music lead in the order named. These are hardly recreational in nature, but they serve the same function as recreation serves. They relieve strains, enrich lives, and make existence more purposeful. Considering that there was not a single public library in the United States 100 years ago, this increase in the use of library materials certainly augurs well for the recognition of the book as a means of getting wholesome recreation for certain types of individuals.

**Recreation in Urban Communities.** The Cleveland Recreation Survey made some years ago pointed out five types of delinquency traceable to the lack of recreational facilities. One of them was playing on or about trains and railroad yards. Another was a lack of agencies of wholesome recreation. Another was stealing to get money for commercialized amusements. Stealing and committing other delinquencies to get social status were also common. Finally, distaste for school or work, leading to any activity affording thrills, was found to be an important source of misconduct. The conclusion of the survey group was that 75 per cent of delinquency was due to the misuse of leisure in the urban environment.

In a western suburb of Chicago a gang regularly indulged in throwing missiles at autos and trains, and engaged in harassing behavior of all kinds. When a recreation center opened its doors, these depredations ceased. Halloween pranks, fires, and other neighborhood annoyances were a source of worry to many small communities in a midwestern state. Chiefs of police were helpless. The toll upon property was huge. In one single case, property damage amounted to \$500, and the police answered fifty calls in one evening asking them to stop the vandals. The community then, taking thought, decided on a celebration in which all would

<sup>1</sup> Survey conducted by the American Library Association, reported at its annual convention in Chicago, 1939.



participate, young and old alike. For some years afterward not a single case of vandalism was reported.

Laboring under the need to take care of its delinquents, another suburban community made over an old basement jail, once part of the village hall, into a recreation center for boys. Under the guidance of a high school teacher, a youth organization came into being, and established a club headquarters. The policemen's benevolent organization decided to outfit the club's recreation hall. Business and social organizations fell in line, and the project got under way. The principle which this community accepted is simple. It is that for every demoralizing type of activity a wholesome substitute can be provided, which in the end can prove just as satisfying.

Going on this assumption, we see that every community can do a number of things to promote recreation. Greater use of existing facilities is the first necessity. Providing more adequate play space is another. The possibility of changing delinquent real estate parcels into public parks, as has been done in New York and elsewhere, is a third. Training courses for voluntary leaders finding joy in service is a fourth. Expanded opportunities for public recreation and democratic leadership for it can be built up.

**Recreation in Rural Communities.** A survey of rural facilities made a few years ago showed that rural people are interested in Sunday visitation, reading, fairs, picnics, horseshoe-pitching, fishing and hunting, farmers' meetings, reunions, church socials, and concerts, in the order named.<sup>1</sup> The women expressed preference for sewing bees, card parties, and women's organization meetings. Most of these, it will be noticed, are activities outside the home, for the home is not fulfilling its functions as a recreational agency in the rural community—in spite of the fact that 25 per cent of rural boys and girls have no playmates outside their own homes. Superficial contacts with strangers are more numerous than contacts with neighbors. The long workday is a hindrance to neighborly association, which is not easily overcome. Where there is no social contact, there can be no wholesome recreation.

Profitable evenings at home could be arranged in rural communities if farmers placed social opportunities ahead of apparent work needs. Simple outdoor games are more rare than they could

<sup>1</sup> W. E. Cole and H. P. Crowe, *Recent Trends in Rural Planning*, Chap. 13.

be, for the same reason. The rural church could increase its usefulness by providing suitable quarters and employment of pastors trained in recreational leadership. The one-room country school is not intended for wider community usefulness. The "suitcase teacher," who escapes the ennui of rural life each week end does nothing to overcome the situation which drives her cityward. Rural schools need playgrounds and equipment for play. Debating, instrumental music, literary endeavors, glee clubs, and dramatics, greatly needed in the re-creation of rural personalities, hardly enter into rural school programs. Rural libraries too are scantily equipped with current literature and stimulating recent books. The provincial attitudes often found among rural people are nowhere more clearly reflected than in the reading facilities of the country-side.

The 4-H clubs, sponsored by the Agricultural Extension Service of the United States, are doing a great deal not merely to develop homemakers and farmers, but also to offer recreational activities to rural people. The 4-H program includes folk dancing, games, singing, picnics, hikes, and so on. The Scout organizations, the Girl Reserves, the Hi-Y, the Campfire Girls, and the "Y" agencies are also promoting rural recreation, but they are far from satisfying all existing needs. The Farmers' Club, the Farm Women's Club, the Farm Union, the Farmers' Association, and the Parent-Teacher Association sponsor social gatherings from time to time, but these again are far from sufficient to meet existing needs.

Among existing needs in rural communities we find athletic fields, band stands, dance pavilions, libraries, little theaters. Pageants and festivals are needed, but these require expert direction. Low-priced cars and lower-priced radios would help lift the rural resident out of his state of isolation to a greater extent than they are succeeding now. But they could not, as said before, serve as surrogates for wholesome leisure-time recreation. To be wholesome, leisure-time activities must not be mere time fillers. Leisure hours must be hours of active development, productive of more liberal, because better adjusted, human personalities.

**Recreation and Government.** In spite of numerous private efforts to provide recreational facilities, it must be agreed that recreation in its larger aspects belongs to the government — local, state, and federal. Children's sand gardens were conducted by

half-trained matrons in Boston in 1886, long before governments woke up to their responsibility, but the first outdoor gymnasium was built by the city park department in Boston in 1889. Similarly with the playgrounds. The first playgrounds were built in Chicago in connection with the social settlements during the nineties. Then, slowly, city and state parks began to be converted to similar uses. From 1900 on there has been a steady municipalization of playgrounds. The Playground Association of America was founded in 1906. When it was organized, forty-one cities had already established public recreation in some form. In 1925, over 700 cities had it. In Chicago alone there were, at that time, fourteen playgrounds covering close to sixty acres, and having field houses, assembly halls, gymnasiums, swimming pools, club rooms, and branch libraries. During the First World War, the War Camp Community Service organized recreational facilities in 700 cities adjoining camps, and continued to provide these facilities after the war. In 1939 there were 9749 playgrounds in 739 cities of the United States. At present, not only playgrounds, but field houses, gymnasiums, swimming pools, and branch libraries are almost universally government financed.

One of the interesting developments in the field of national recreation has been the growth of the national parks and forests. Public interest in these facilities began in the early years of this century, but grew apace. In the years 1933-1941 the expansion of the park and forest services became one of the noteworthy features of the New Deal. The facilities in the parks and forests increased manifold, as the Department of the Interior added one park after another, one preserve after another. The number of visitors to the parks and forests runs into many millions each summer, and keeps increasing constantly. So does pleasure travel by auto and bus, the greatest recreational and educational activity carried out by the free American people. Continuous road-building and road-repair activity, carried on by the Works Progress Administration in recent years, has helped the citizens utilize the park and forest services. In 1939, for instance, this agency constructed close to 50,000 miles of highways, roads, and streets, and improved an additional 160,000 miles. The same agency has built 881 new parks, and repaired and improved at least 3000 more.

Organized public recreation has increased enormously since the

depression. This fact is explained in two ways. First, the need for recreation became strikingly obvious. Second, the make-work policy of the government turned to recreational-facility building as a noncompetitive field. During the depression years, in New York alone recreational facilities more than trebled. The Civil Works Administration, the Works Progress Administration, and the State Emergency Relief Administration spent nearly 167 millions on the New York park system in but three years. The city and state of New York contributed 90 million dollars, in the same period, for equipment and property. But the greatest gain is found in a large variety of facilities and agencies built at purely government expense in some 2,200 American communities throughout the nation. These include archery ranges, shuffleboard courts, bathing beaches, bowling greens, golf courses, ice-skating rinks, outdoor swimming pools, and toboggan slides. These national treasures were added to communities that had never dreamed of acquiring them, but suddenly realized their losses in human happiness, and asked to be enriched.

Such vast improvements, however, would never have been possible, had it not been for the growing staff of workers trained for recreational-leadership posts. In 1939, there were 25,042 paid recreation workers in the United States. Of these 15,000 were men and 10,000 women. The work of these leaders was vastly multiplied by the work of over 33,000 volunteers operating in isolated communities or under the guidance of trained leaders. Facilities, of course, must precede leaders; but leaders help increase and improve existing facilities. In the long run, it is difficult to determine which is more vital to the health and happiness of the American nation.

**Recreation: A Social Responsibility.** Recreation must not be limited to a few. Theodore Roosevelt once said: "A community will not be a good place for any of us to live in until it is a good place for all of us to live in." Without leisure-time activities it cannot be a good place for all of us to live in. This means that each community must develop consciousness of recreational needs, must lay plans for these needs, develop a sense of responsibility in its citizens, offer the "submerged third" relief from drudgery, and give all individuals an opportunity for active social participation. Discovering the needs and interests of the citizens of the community, discovering the range of these interests, devising programs

for the use of various groups, providing information, facilities, leadership for leisure-time activities, and finally, correlating the various activities of individuals and groups in social centers thus become the fundamental tenets of democracy. They are also the first line of defense in a day when democracy uneasily faces the future.

### TERMS TO BE UNDERSTOOD

commercialized amusement	recreation
idling	surplus-energy theory
leisure	"play-instinct" theory
rest	community responsibility
play	play movement
spectatorism	entertainment

### QUESTIONS FOR DISCUSSION

1. What is a feasible division of labor between public and private recreation?
2. Why do not primitive and nonindustrialized peoples need recreation?
3. What are the chief differences in recreational needs and recreational activities of urban and rural communities?
4. What is the difference between idleness and leisure? Why do not the employed have leisure?
5. How do you account for the increase in professional recreation leaders? Do people have to be taught to play?

### FOR FURTHER STUDY

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## SOCIAL CONTROL

There is a saying in the Orient that only mad dogs and Englishmen go out in the noonday sun. Like all such group judgments, this contains an element of exaggeration, although it would be no exaggeration to say that were the Englishman to go out in the noonday sun he would be sure to be properly dressed to the last detail of necktie and coat. In similar fashion, Americans are careful to wear their coats on most occasions regardless of the temperature. Contrast the dress behavior of your professors with that of the student body on a hot day in June. The professor wears his coat with silent suffering. American women wear gloves and furs in September no matter what the state of the weather. There is good reason to wonder why people pay so much attention to the calendar and to the social occasion rather than to the thermometer and to considerations of convenience in choosing their dress.

Travelers assert that it is the practice of Chinese bankers to make loans without any kind of tangible security whatsoever; not even a written receipt may be required. Nothing more than the borrower's verbal acknowledgment of the loan is necessary. Westerners are amazed at this risky and slipshod way of doing business, and are at a loss to understand why the borrowers do not repudiate their debts and leave bankers holding the bag.

Some years ago an American traveler left a valuable camera in a taxicab in Luxor, Egypt — a veritable headquarters for thieves. His dragoman calmed his fears for its loss by saying, "The cab was driven by Hassan the Honorable. Have no fear! The camera will be returned at the end of the day." It was. Why did Hassan return the camera to a foreign tourist who was leaving Luxor the very next day?

The little boy who spies the special cake brought out for the "company" is about to open his mouth to ask for a piece. He stops short, looks confusedly and apologetically around the room, and then withdraws. Why did he inhibit his desire for the cake?

These and similar cases from the student's own experience are enough to suggest that people are controlled in their behavior in whatever society they may live, and that to a certain extent their behavior is calculable. What lies back of this calculability and control of behavior? How is predictability and stability in people's behavior achieved? How can people be made to live together even more harmoniously and efficiently? Why do peoples differ so widely in their control patterns? These and related questions form the basis of this chapter on Social Control.

**Social Control Defined.** It is obvious that the Englishman, the professor, the Arab cab driver, the cake-hungry boy, and the Chinese debtor were controlled in their behavior by factors operating both from within and from outside of them, factors which have their roots in the presence and influence of other people. Social control, then, refers to the manner in which society achieves and maintains uniformity and stability in social relationships. L. L. Bernard has defined it thus:

Anything, stimulus or environmental process, which helps keep people behaving with some degree of regularity and calculability with reference to one another may be called a social control.<sup>1</sup>

The "anything" referred to in Bernard's definition of social control may include the conscious or unconscious regulation of another's behavior. The emphasis placed upon "regularity" and "calculability" serves to impress upon us the importance of the control process in the development of the personality, for the entire process of humanization and socialization are dependent upon it. It is through the medium of social control that the distinctively animal behavior of the individual is so modified as to permit him to become an organized human entity, and it is through it, too, that he comes to embody in himself the peculiar organization of his social environment. Thus social control is important not only because it serves as a device to insure the preservation of the social order, but also because it protects and enlarges the well-being of each member of society.

The need for social control increases with the complexity of the social organization, as does also the nature of the controls used. In simple societies, as are found, for example, in rural communities,

<sup>1</sup> In Jerome Davis, Harry Elmer Barnes, and others, *An Introduction to Sociology*, rev. ed., D. C. Heath and Co. New York, 1931, p. 467.

small towns, and among primitive peoples, the social contacts tend to be primary and face-to-face, that is, extremely personal. Here the sentiments of sympathy and sociability are strong mainly because each member of the group knows the needs of the group as a whole and of most of its members as individuals. In such situations the social controls tend to be more or less unconscious and informal. We are afraid of what people might think of us; thus we might hang our wash out on Sunday if we live in a large city like Chicago, but if we live in a country hamlet, we dare not violate the group consciousness by such "irreligious" behavior. To do so would be to invite gossip, and perhaps ostracism.

As we move from the relatively simple societies to the more complex types, a gradient in social controls may be established. The controls gradually become more and more conscious and formal, so that control from without in the form of force or law now takes the place of control from within in the form of the desire for group approval. This does not mean that formal controls are completely lacking in primary group situations, for nowhere is the socialization of persons complete and perfect. However, an increasing complexity in social organization does mean the gradual decay of the sentiments of sympathy and sociability which give rise to the spontaneous cooperation so characteristic of primary groups. Thus does compulsory cooperation become necessary as we move from the primary group to the secondary group. Custom, religious theories, law, education, and a variety of formal controls are now necessary to lead people to see what they ought and must do.

The need for formal and coercive controls becomes increasingly imperative where extreme inequalities of wealth occur. Under the institution of private property social equality tends ever to recede into the background, and means must be found to control the dispossessed. In his classic little book, *Social Control*, Professor E. A. Ross has pointed out that the greater the invested capital, the stronger must be the formal controls in order to prevent that kind of behavior permanently detrimental to invested capital (strikes, and so forth). It follows, then, that the more highly concentrated is the wealth (or for that matter, the power), the more numerous and rigid are the formal controls. Americans are widely familiar with the devices employed by entrenched interests to keep the masses from assuming control of the state. They are told



of the horrors of Communism which often means anything detrimental to the "interests." They are intimidated into voting for "the full dinner pail," or for "a chicken in every pot and two cars in every garage." (It turned out to be a chicken in every garage.) Ballot boxes are stuffed so that honest men are kept out of office. The nomination of candidates is sometimes in the hands of the few.

Such controls by powerfully entrenched minorities is known as "supersocial control." Extreme cases are those represented by the European dictatorships under which many forms of free action are proscribed and the highest degree of compulsory cooperation is prescribed (regimentation). Visitors to Germany and Italy are impressed with the frequency with which they encounter the signs "Verboten" and "Vietato," which mean "forbidden." The most that we see of this sort of thing in America is a few "Keep out" and "Keep off the grass" signs.

By this time the student must have suspected that it is the operation of the social controls which keeps society a smoothly functioning unit. Such indeed is the case. Where the social controls are absent or inoperative, or even poorly adapted to the social group, social disorganization immediately sets in.

Societies sometimes change rapidly from primary bases to secondary bases, that is, from highly personal and face-to-face relationships (including the sentiments referred to above) to highly impersonal and "emotionally cold" relationships. In this transition it not infrequently happens that the primary social controls break down and effective secondary or derivative controls are not immediately devised to replace and/or support them. Under the changes which we are witnessing from simple, personal and primary groups to complex, impersonal societies, the need of a conscious effort to shift the bases of control from the primary types to the derivative types becomes imperative. Thus while primary group loyalty was essential to the survival of the tribe, in the national state it must give way to patriotism toward one's country if the nation is to survive. This does not mean that we should get rid of our primary group sentiments and attitudes, but that when these come in conflict with the welfare of the nation as a whole or when they are no longer effective, the greater good demands that we give precedence to derivative group ideals. In the interests of a better America, "re-

gional-mindedness" in the minds of our legislators might well give way to "national-mindedness."

**The Means of Social Control.** These have been variously classified by the writers on the subject. There is no "best" classification, for all of them have value depending upon what it is the classifier wishes to accomplish. One writer speaks of negative and positive controls, wishing, obviously, to call attention to the manner in which controls repress and frustrate action as well as elicit and facilitate action. Some writers speak of exploitive and constructive controls. Here the point of view assumes that controls may be used either for selfish ends, or for socially worth-while ends. Still others speak of formal or institutional and informal or non-institutional controls as we have done in this chapter. Here the emphasis is largely upon whether the control operates in primary group situations or in secondary group situations.. No type of classification can be rigid, of course, for there is much overlapping. For our purposes the formal-informal or institutional-noninstitutional classification is adequate.

The formal controls include such institutionalized devices as custom, tradition, convention, law, religion, education, ceremony, and ritual. Custom has been described as the unconscious and irrational imitation of the past. It refers to a transmitted way of doing in contradistinction to tradition, which is a transmitted way of thinking or believing. Many if not most customs are of adventitious origin, that is, they grow up without any conscious design behind them. People are inclined to repeat those ways of behaving which have proved effective upon the first trial. Constant repetition then operates to establish them in the minds of the group, and so they come to convey a kind of guarantee of the persistence of social order. Once thus established, such ways of behaving become "customary" and arrogate to themselves an almost superstitious observance which makes them practically self-enforcing. Group suggestion, personal habits, and fear of group opinion keep people's noses to the grindstone of custom without complaint, and as each generation passes by, the crust of the "cake of custom" becomes thicker and tougher, so that deviations from the customary become more and more difficult — extremely difficult, indeed, in those realms of activity where social continuity is esteemed as the highest value, for example, in the home and in the church.

It should be noticed that the enforcement of customary control is based on the argument that a certain type of behavior should be performed in specific situations because it always has been. Thus do customs become group habits to which the authority and prestige of age-long practice become attached. Little wonder, then, that customary control, while effective in preserving the effective group adjustments worked out in the past, may at the same time operate as an obstacle to progress. An American watching a Swiss farmer plow his field suggested that a more effective job could be done if the farmer made use of an adjustment device to compensate for wear of the blade. The reply of the farmer illustrates the almost superstitious reverence people betray towards custom. "Young man," he said, "my grandfather used this plow just as it is; my father used this plow just as it is. What was good enough for them is good enough for me." The drive and hustle of the Yankee as compared to the conservative European is perhaps best explained by the much smaller degree of customary control which operates upon the American. Even so, the student can think, no doubt, of a number of customary procedures which persist in American society despite the fact that modern conditions make their observance burdensome.

If antiquity is no guarantee of the validity of custom, neither is it any indication of the uselessness of custom. Customs should neither be preserved nor rejected merely because they are old. Rather, they should be tested for their utility and a selection made on this basis. A wholesale and indiscriminate scrapping of customs is not necessarily a mark of social progress.

Out of group customs law develops. Indeed, law is, at first, nothing more than the codification of the important customs. Such codification operates to preserve the basic customs in times of social change, and so guarantees some degree of social stability. The first step in the transition from customary control to control by law was probably the rise of negative customs or taboos which expressly forbade certain kinds of behavior in contravention of the established customs. Whereas the custom proceeds by unconscious participation in group behavior, the taboo for the first time forces a conscious definition of the social situation by conceptualizing the behavior involved. The transition from taboo to legal injunction is but a step, for the first laws are merely more explicit taboos. The essence of both is "Thou shalt not."

In simple societies the first function of law, then, was to reenforce the customs, but in the course of social change it comes to take on the function of modifying and softening the customs in the interest of social adjustment. Finally, as the social order increases in complexity and impersonality, law comes to be the most important form of control.

The sheer impersonality of the modern, urban environment demands a type of control which will operate definitely, positively, and objectively, that is, without respect to persons or classes; and this the law, as ideally conceived, is able to do. The law has no axe to grind. Its application is surrounded with much ceremony and ritual, so that the personal element is submerged and resentment minimized. The law procures obedience and recognition by threat of punishment and not by promise of reward. The reason is obvious: punishments are easily assessed; rewards are difficult to grant. The law defines merely the minimum of expected behavior, not the ideal of gentlemanly conduct. Lastly, it is theoretically possible for all to know the law, and it is assumed that they do know it.

The effectiveness of law as a social control has been and is being limited by a number of factors. In the first place, the operation of law is extremely slow and inordinately costly. More and more people are accepting minor injustices because legal action is entirely too wasteful of time and money. All too frequently the law has rested in the hands of incompetent and even corrupt officials with the result that at times a general distrust of the law has been fostered. The "lower classes" particularly are coming to feel that the law is unequally enforced, and there is some evidence that "beating the law" is becoming professionalized. Those who have wealth stand a better chance of evading the law or of beating the law, and so, in a sense, the law becomes an instrument of class control. Finally, the law is now so voluminous and intricate that the assumption that all can know the law is facetious. It is practically impossible in the span of one lifetime to learn the law and keep abreast of its changes, even for professional lawyers. These factors together might so weaken control by law that a new and more effective secondary control will have to be devised. Dictatorship has been proposed as one answer to this problem.

Ceremony operates as a control in face-to-face relationships by

the insistence upon a dignified manner in the superior and an attitude of servility in the inferior. Ceremony thus serves as a device to protect the superior from overfamiliarity on the part of the inferior — preserves social distance, so to speak.

By its inculcation of ideals and by its appeal to fear and superstition, religion has become a powerful social control, although it was probably not invented for control purposes. It has this advantage over law as a control: it is effective where the law cannot be, namely, in the secret places of the mind. The law can deal with behavior only after it has been performed; religion serves to prevent anti-social behavior.

Praise and flattery, gossip, public opinion, ridicule, moral codes, name-calling, reputation, fashion, and facial and postural gestures and expressions are types of informal controls. The Englishman referred to in the beginning of this chapter "obeys" the expectations of his countrymen because he fears public reaction. So does the college professor. Hassan the Honorable returned the camera because he had been successful in acquiring a reputation for honesty and he had to live up to his group's conception of him. There is a sense in which these learned reactions to what others think of us are basic to all forms of social control. There are those who contend that without these elemental and spontaneous controls as a basis, the secondary or institutional controls could not function effectively. Space does not permit a detailed discussion of these informal controls here; two of them, public opinion and propaganda, will form the subject matter of the next chapter.

The informal, face-to-face controls, where they are effective in preserving group solidarity, have at least two by-products which themselves come to reenforce the controls, and indeed, serve in some cases as controls in an auxiliary sense. The first of these is *esprit de corps*, which is the emotional counterpart of the group "consciousness of kind." It develops out of the realization of common history and common purposes and out of the habit of empathic response, that is, the habit of feeling oneself into the position of the other. The empathic nature of *esprit de corps* limits its value as a social bond, however. Just as feeling ourselves into the joys of others is easy in the primary group situation, so just as easily can we feel ourselves into their misfortunes; and thus a mass pessimism may develop so rapidly as to threaten the unity of the group. This danger is offset, however,

by the establishment of group morale which has its roots in the abidingly inspirational factors of the group ideology, its belief in its rightness and superiority, and the belief in the inevitability of the success of its mission and purpose. The bases of morale are thus outside of and beyond the individual, so that morale may serve as a control to unify the group even in the face of adversity and crisis.

**Leadership and Social Control.** In the modern world social behavior is coming increasingly under the control of leadership. Why this is so is obvious from what has previously been said regarding the growing complexity of the social world. It is becoming impossible for the people even to know their social environment, let alone understand it; and so social reality must be and is being interpreted for them by leaders in various fields of endeavor and of differing degrees of competence.

Sometimes leaders achieve such tremendous power that they are popularly credited with divine inspiration and ordination. They are said to be "destined" for leadership; to be "born" to lead. Such a view leads to the dismissal of the problem of leadership as being beyond the understanding of mundane creatures. In its purest form this is a version of the "great man" theory of history, according to which all historical change is to be credited to the role of the born leader.

Educationalists are inclined to look upon leadership as a matter of something more than native ability. By no means wishing to minimize the contributions of heredity, they prefer to stress the element of training for leadership as being causative in the production of great men. Leadership they consider to be a product of a happy combination of heredity and training.

Social psychologists, who have studied leadership intensively, are convinced that neither of the above theories is able to account for all or even most of the phenomena of leadership. They assert that leadership is the product of social situations which provide the opportunities for leadership. When leadership is lacking, it is likely to be because of limited opportunities for leadership, although this should not be interpreted to mean that all situations inevitably and of necessity give rise to leadership. This theory that leadership is conditioned by the needs and opportunities of the situation does not ignore the contributions of heredity and training, but it does make these factors supplementary rather than of primary importance.

The great leaders of our time have been situationally conditioned. Mussolini, for example, owes his rise to the postwar depression, to the failure of Italy to realize her territorial ambitions after the war, to the constant strife among the many political parties, to the crushing of the Italian middle classes, and to the real or allegedly imminent threat of Communism. Similar factors were responsible for the rise of Hitler to power, and similar factors will doubtless lead to the appearance of leadership in France and England in the postwar decades.

**Leadership and Social Change.** The mistake is often made of assuming that the leader is a master at some particular task. This is only relatively true. The purpose of the leader is not to do some specific job well, but to get others to do it. For the most part the function of the leader is inspirational. It is in the realm of social change that this function is most clearly apparent. Dr. Townsend, for example, probably knows little more about economics than many of his followers, but he was unusually successful in initiating the old-age pension movement in the United States by his advocacy of \$200 a month for everybody over fifty years of age. Dr. Townsend thus may be said to have "inspired" the demand for old-age security.

The role of the leader is dynamic. He invents or selects the ideology (emotionalized ideas); he presents a set of social myths (the Communist's "classless society," for example) which are designed to fortify the morale of the followers and confirm them in their faith in the superiority of their cause; and he promises "heaven with a fence around it." In such fashion does the leader bind to himself the allegiance of his followers by catering to their dream wishes. The astute leader capitalizes upon the fact that people love to live and believe in dream worlds. The half-mad Frenchman, St. Simon, swept France off its feet with promises that his followers would achieve a stature of seven feet and live to be 144 years of age in a scientific paradise lighted with perpetual moonlight.

Once the leader has achieved some desired social change, his task changes and he must needs become static rather than dynamic in his relation to society. He no longer seeks to initiate change, but he must enforce and institutionalize the changes already made. He hedges himself about by numerous protective devices to assure perpetuity of his control, and so an organization comes into being which rewards the faithful and punishes the opposition. The

purges of Germany and Russia were necessitated by the failure of the purged to realize that the gains already won must be crystallized and consolidated in order that stable social habits, protective of the revolution, may be established. Certain exiled Communists still talk about "world revolution" and "classless society" without ever realizing that these were inspirational devices used by the leaders of the revolution to accomplish their ends which may be nothing more than to put themselves into power. Once the desired social change is established the leader becomes an administrator, a headman.

**Why Is the Leader Effective in Social Control?** Leaders are such because they are extremely efficient in stimulating others and calling forth desired responses. Participation in family activities and play groups teaches everyone to recognize attitudes of dominance and submission. Consequently, such attitudes come to serve as social signals in leader-follower situations. When in any crisis an individual steps forward displaying attitudes of dominance, confidence, and self-control, the rest of the group immediately responds with "follower behavior."

An outstanding quality of the leader is his ability to focus the attention of the group upon a common interest and so win support. It may be that to be successful the leader must first call the attention of the group to himself as the symbol of the desired end. In this way Hitler came to stand for the greater united Germany. Loyalties so aroused can readily be transferred to the social end or purpose.

By subtle flattery and suggestion the leader makes his ideas seem to emanate from the minds of his followers or from the masses. It was some sections of the German people, not merely Hitler, who were against the Jews; the people and not merely Hitler demanded a greater Germany; the people and not merely the Nazi hierarchy demanded a rearmed Germany in order to preserve national self-respect.

A seeming sense of justice and honesty, a semblance of humility and modesty, an avowed sympathy for and understanding of the masses on the part of the leader make it a relatively simple matter for them to identify themselves with him. Emotional appeals, slogans, catchwords, and all of the varied devices used to short-circuit thinking and get response on an emotional or habitual level thus become tremendously effective. These and kindred techniques



explain the success of the leader in controlling the behavior of his followers.

**Types of Leadership.** Leadership varies as to type with the nature of the social situation. In an earlier day the personal or face-to-face leader held the field, usually because of some outstanding physical quality. King Saul was "head and shoulders" above any of the Children of Israel. Today the face-to-face type of leader is not quite so important. In keeping with the increasingly impersonal nature of our social environment, the impersonal or "behind-the-scenes" type of leader is assuming dominance. Few people know who Robert Vansittart is, and yet Mr. Vansittart is said to have directed British foreign policy during the civil war in Spain. The little-known Fritz von Thyssen, German steel magnate, is supposed to have been the man behind Hitler in the early days of the Nazi drive to power.

It seems that intellectuals make poor leaders, perhaps because they tend to be too much concerned with abstract principles and faultless logic to be able to give their allegiance to organizations made up for the most part of nonintellectuals. And yet it is organization which gets things done in the complex world of today, not logic nor principles.

**Economy in Social Control.** There can be a stable, well-organized social order only if the social controls function effectively and not oppressively. Ages of social experience have taught men what the limits of control are. The wise ruler or government strives to observe the age-old canons of control and to develop those forms of social control which operate from within the individual and so make for spontaneous order. Obviously, the development of attitudes, habits, and sentiments conducive to the preservation of social order is cheaper and far more effective than building prisons and concentration camps. Administrators recognize that public opinion, religious ideals, and so on, are the property of the many, and so operate as controls wherever men gather. It is good policy, too, to diffuse control widely, that is, place it in the hands of the entire society. Even the dictators are coming to realize that if their type of society is to survive, the masses must be wooed and won; they must be given some task to achieve which they believe worth while.

Social controls are effective in proportion as they are more con-

venient than inconvenient, more beneficial than detrimental to the individual. Nor must social controls be so harsh as to arouse against themselves the passion for liberty. Those controls will be effective which respect to the utmost the sentiments which make for spontaneous order — sociability, sympathy, resentment, and so forth.

### COLLECTIVE BEHAVIOR

The occurrence of similar responses in groups of individuals at the same time and place and in response to the same social situation is called "collective behavior." The applause of the audience and the milling of the mob, the following of fashion, the participation in fads and crazes, are all forms of this type of behavior. A moment's reflection is sufficient to establish the point that collective behavior can occur only among individuals having the same culture base. The individual members of the collectivity must have a common understanding of the social situation which stimulates them in order for collective behavior to occur. A group composed of a Chinese, a Japanese, an Irishman, and a German could hardly react collectively to a complex social situation. They are not culturally homogeneous.

**Fashions, Fads, and Crazes.** Fashion may be defined as the dominant mode of expression or conception at any given time. It is purely a phenomenon of dynamic societies, for in static societies the modes of expression are relatively fixed by custom and must not change. Among some primitive societies, for example, dress performs the function of indicating the marital status of individuals. In such cases there can be no experimentation with different forms of dress without doing violence to the customs. It must not be thought, however, that fashion operates only in the realm of dress. Indeed, in modern society there is hardly any realm not touched by fashion. There are fashions in dogs, ideas, furniture, wallpaper, and even virtues and vices. That fashion operates as a powerful control can be gleaned from the statement of a seventy-five-year-old woman who declared that she'd just as soon be dead as to be out of fashion.

The main function of fashion is that of calling attention to the personality. It is a form of personality advertising. Each person wants others to think of her as mentally alive and progressive, and fashion is one of the devices whereby this can be accomplished effectively.

Fashions change rapidly for at least four reasons. First of all they are usually introduced by the social elite and gradually descend to the masses, whereupon they lose their prestige value for the elite who must in turn seek new forms of expression. Secondly, climatic and seasonal changes dictate changes in fashion. Thirdly, socio-economic factors contribute to the appearance of new styles. The National Mercers Association is credited with having ended one short-skirt era by introducing long dresses in order to sell more cloth. Lastly, scientific discovery is not without its effect upon fashion. Tight lacing went out probably because of the realization of its ill effects upon health. Only rarely are the fashions the result of the exercise of reason, however. The women had barely announced that short skirts and bobbed hair were here to stay because they were "more sensible" when they went out of style again.

Fads and crazes serve much the same functions as fashion. They too advertise the ego and identify the individual with the elite, and at the same time serve as noninstitutional controls. In contradistinction to fashion, the fad and craze represent extreme forms of collective behavior. The fashions generally find universal acceptance within the group; the fad and craze, on the other hand, enjoy only a limited and temporary acceptance. If the craze is different from the fad, it is only because of the greater emotional fervor which it engenders. Consider the chain-letter craze of a few years ago and the excitement which it generated, and contrast it with the squirrel-tail fad of recent origin. The latter was more nearly akin to fashion, whereas the former degenerated into a mass hysteria, a mental epidemic. Like fashions, fads are ubiquitous, that is, they are to be found everywhere — in the realm of clothing, recreation, language, diets, and so forth. Sometimes, though rarely, fads grow into conventional practices, as in the case of dieting and mental healing.

**Crowd Behavior.** History has recorded many examples of crowd epidemics. One such epidemic, the dancing mania of the fourteenth century, lasted nearly a hundred years and brought forth almost every kind of sex license and bestiality. Crowds gathered in the streets and danced from city to city and from town to town until overcome by complete exhaustion. Another great crowd epidemic, The Great Fear, occurred in France about two centuries ago. Crowds gathered on the street corners, in the market places, and in the common fields to discuss the great fear which gripped the

populace. No one was able to tell what it was they were afraid of, but all were panic-stricken!

As in all forms of collective behavior, the crowd depends for its formation upon a common cultural background, including common means of communication. Without a common cultural base there can be no common interest, common purpose, or common resentment. Aggregations of people can be converted into crowds by serious crises, or even by mere curiosity, but only if they share a common definition of the situation. Crowds become mobs when the emotions of the members become so centered upon a common object that some overt action takes place. A crowd watching a cornerstone laying, for example, can easily become a mob if it sees a bewhiskered "radical" trampling the national flag.

The common products of crowd and mob behavior are brutality, and often bestiality. Why this is so in view of the fact that as often as not the members of the mob are mild-mannered individuals is a problem that has plagued the psychologists. In view of the facts it is nonsense to assert that the individual in the mob acts as he would in isolation, only more so. Not only is his behavior quantitatively different, but it is qualitatively different — in both cases due to the differences in quality and quantity of the stimuli provided by the situation. The individual behaves in the mob as he never would behave apart from it. Why?

The socialization of the individual proceeds partly by the imposition of a set of inhibitions. There are certain forms of behavior which he must not perform at all and certain other forms which he may and must perform only under prescribed conditions. These inhibitions make collective living possible by giving social nature precedence over animal nature. In a crowd or mob situation the individual tends to shed his acquired inhibitions. Suggestion and imitation and the presence of common stimuli call forth like actions and emotional expressions in all members of the crowd. Through intensified intercommunication among the members, which is spoken of as circular reaction, the latent impulses of the individuals are stimulated and exaggerated. Soon all come to believe that they think alike and wish to act alike. This identification of the individual with the crowd leads to a feeling of emotional freedom and the loss of the consciousness of individual responsibility, both of which are reenforced by a sense of anonymity — the feeling that

no one knows who he is apart from the crowd. When this has occurred, reason gives way before emotion, and the individual is capable of saying and doing what otherwise would be abhorrent to him, in the belief that the crowd can't possibly be wrong and anti-social in its behavior. The products of the crowd are, then, a release of inhibitions, a loss of rational control, the loss of responsibility, a sense of anonymity, a delusion of rightness, and the emergence of suggestions almost too powerful to resist. In a situation of this nature, an astute leader can manipulate the mob at will merely by providing the suggestions in emotionally charged words. Rarely can any individual in the crowd prevent the behavior known as mob violence, though he may be able to determine its direction.

Occasionally mob-mindedness is found associated with business activities. Sharply rising or falling market prices have been known to stimulate wild speculation. Such a movement begins slowly at first, but soon, in response to mass suggestion, it surges like a tide as prices continue to rise or fall. At such times the centers of speculative trade, such as the Bourse in Paris, the London Stock Exchange, and the New York Curb Market, are seething masses of men feverishly buying and selling, shouting and yelling, as if their very lives depended upon it — as indeed they sometimes do. It would appear that during business booms and panics people lose all sense of balance. In the last century, for example, speculation in tulip bulbs reached to such absurd heights in Holland that government action was necessary to curb it. Single bulbs sold for thousands of dollars! Similar excesses characterized the famous Mississippi Bubble of the eighteenth century. John Law, a Scotch clerk living in France, organized a company ostensibly to develop the lands which later were included in the Louisiana Purchase. Such liberal returns on investments were promised that poor and rich vied with each other in begging the canny Scot to take their money. Shares were sold and resold for fabulous prices. Soon the whole enterprise burst like a bubble, hence the name "Mississippi Bubble."

How can we be protected against mob-mindedness? Inasmuch as suggestion plays so powerful a role in crowd behavior, ways must be found to reduce individual suggestibility. This can be done, partly at least, by the acceptance of a basic philosophy of life, by education for criticism, by practicing the habit of avoiding the sen-

sational, by participation in those collective activities which foster tolerance, and by seeking an acquaintanceship with the best minds of the race. Students and teachers need to remember that the empty mind is most suggestible.

**Revolution.** Revolution as a type of collective behavior assumes some importance for us who live in the shadow of several great revolutions. The popular conception of this social phenomenon assumes that it necessarily involves a sudden, violent overthrow of the government and is accompanied by bloodshed, rioting, looting, and kindred forms of social disorder. These things have occurred in the process of most revolutions, perhaps, but revolutions have also occurred without any of them. There was no violent overthrow of government in the Industrial Revolution, for example, nor was there any violence to speak of, and yet that was a genuine revolution, as we shall see presently. Nor is revolution necessarily sudden. In fact, it is anything but sudden. An armed revolt may break out suddenly, as has often happened in South American and European countries, but since fundamentally nothing is changed, there is no revolution.

As the term implies, revolution is a more or less complete "turning around" of the social order. This can occur independently of the factors mentioned above. It is safe to say that no revolution has taken place when the basic social habits (institutions) remain intact. This is why the Protestant Reformation, the Industrial Revolution, and the Fascist and Russian revolutions were genuine revolutions.

**Why and How Do Revolutions Occur?** Students of revolution can lend no support whatever to the notion that revolutions are engineered by a handful of disgruntled radicals who wish nothing more than to satisfy a lust for power. *Coups d'état* may be so engineered, but hardly revolutions. To be sure, radical leaders have been active in certain phases of revolution, but they can be successful only against a background of intense social unrest. Lacking this basic social unrest, any individual who advocates an upsetting of long-established social habits arouses against himself the anger of the populace and exposes himself to the danger of social ostracism and even martyrdom.

In societies characterized by social change, new social and individual needs are ever arising. It frequently happens, though, that

the institutions established to satisfy basic needs either fail to do so adequately, or come to stand in the way of the satisfaction of new needs. Sometimes, too, protective alliances spring up between those who dominate an institution in an official capacity and those who profit from its continuance, so that needed institutional change is frustrated by the selfish interests of a powerful minority. Politicians and powerful business groups, for example, have sometimes conspired to block the provision of adequate relief for the unemployed by the government. The consequence is that social unrest signalized by such phenomena as demonstrations, marches, riots, crime, and increased immorality begins to develop and receives encouragement and justification from those who are able to make an intelligent analysis of the situation and its causes, the intellectuals.

The revolution cannot proceed, however, if the masses are apathetic and hopeless. Some means must be found for clarifying and directing the seething social unrest so that hope in the future replaces veneration for the past in the minds of the masses. It is at this juncture that the radical leaders find their best opportunities. It is they who paint alluring word pictures of what the future will be like if the existing bases of social order are overthrown and new and "rational" ones substituted. These word pictures of the future are called "social myths," and their function is purely that of inspiring the masses to faith in the new. In this manner powerful pressure groups can be built up which seek to convert themselves into political majorities by the circulation of slogans and catchwords — isolation devices — which drive antagonists farther apart and make the lines of political cleavage absolute.

The next step in the development of the revolution may be an armed insurrection for the purpose of deposing the present holders of political power, though such a step is not always necessary. Finally, either by legislation or decree, new institutions are set up or old ones are modified to meet the needs of society. When these enter the life of the group, the revolution is complete and it may be a generation or two before these new institutions become oppressive in their turn.

**Is Revolution Necessary?** If by revolution is meant a violent overthrow of the government, the answer is obviously, "No!" By progressive legislation it is possible for America, for example, to keep abreast of the need for institutional modification as chang-

ing social and economic conditions demand it. If, however, American democracy in some distant future should degenerate into rule by the few instead of by the many, then it is conceivable that needed institutional change will have to come by revolution, which might have as one of its components an armed insurrection.

#### TERMS TO BE UNDERSTOOD

social control	<i>esprit de corps</i>
primary group	morale
secondary group	supersocial control
formal controls	collective behavior
informal controls	revolution
custom	mob
law	social myth
ceremonial	crowd

#### QUESTIONS FOR DISCUSSION

1. How does social control affect personality development?
2. What conditions in modern urban society make the primary group controls relatively ineffective in the preservation of social order?
3. What kind of control is implicit in "stewardship" (the use of wealth and talent for the benefit of all)? How effective would stewardship be in modern society? Why?
4. What is the relationship between social control and social order? Between social control and the rise of areas of delinquency?
5. "He is good who is good to me." Is this a safe principle for modern society to follow? Why or why not?
6. What functions are served by customary control? Why and under what conditions is it effective? How are custom and law related?
7. What is the role of the leader in social change? Why is leadership effective and why does it sometimes fail?
8. Can you explain why people participate in fads and fashions?
9. What are the factors which make crowd behavior possible? The individual in the crowd acts as he never would act apart from it. Why?
10. How would you build up a defense against participation in mob behavior?
11. In the light of the discussion of revolution, was the American Revolution really a revolution? Can you recount the life history of a revolution?

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## PUBLIC OPINION AND PROPAGANDA

A few years ago a large midwestern dairy company fell foul of public opinion by its unfair treatment of its employees and milk producers. In its defense the company charged that it was the victim of propaganda spread by the local Commission on Social Justice (which included prominent leaders in the educational and religious worlds). However, so essential was public good will deemed that the company lost little time finding a compromise settlement with the farmers and with its employees.

This incident suggests the importance of public opinion and propaganda in the regulation of social life in a modern society. Great efforts and large sums of money are spent by individuals and groups to woo the public. Every large corporation has its public relations counsel whose job it is to see to it that the public forms no adverse opinions concerning the corporation. Many important personages employ publicity agents to build up publics for them.

**Public and Public Opinion Defined.** The term "public" is one of those blanket terms which "covers the earth." When a politician says in a speech that the public will not sanction this or that, it is extremely difficult for us to imagine just what he means by "*the* public." It is impossible for us to put our finger on that group of people which constitutes *the* public at any given time. In reality there is no such thing as *the* public, but, on the contrary, there are many publics. The term "public" refers to a large number of people who may or may not be widely separated in space, and who may or may not enjoy face-to-face contacts, but who are interested in certain questions and who are engaged in working out common solutions to problems. The public may be thought of as a constantly changing group of people. The group which constitutes the public in the face of the burning issues of today will not include all of the people who made up the public yesterday or will form the public tomorrow.

There are as many publics as there are fields of interest. Some idea of the diversity of publics which are recognized by journalists may be gleaned from a perusal of a Sunday newspaper. There is a sport section, a music section, a society section, a cartoon section, a book section, each catering to a different public. Then, too, Ann Sheridan has her public, Clark Gable his public, "Dizzy" Dean his public, and Mrs. Roosevelt her public. John Doe may be and usually is a member of several publics at the same time.

In a like manner public opinion must not be thought of as a unitary thing, nor as a judgment in the formation of which every citizen has participated. Public opinion may be thought of as the sum total of the collective judgments of all publics. But public opinion is not preponderant opinion, that is, it does not refer to the notions held in common by everybody in the social group, for it includes disagreements as well as agreements, minority opinion as well as majority opinion. A public opinion is a collective judgment made in response to some social issue, and therefore involves a suggestion of what ought to be. In this emphasis upon "oughtness" public opinion resembles the mores. There is a great difference between mores and public opinion, however: the former are stable and slow to change; the latter changes rapidly.

**The Formation of Public Opinion.** The process by which public opinion is formed differs with the nature of the social group. In the primary group a social problem arises for the treatment of which the group has no ready solution. In such societies everybody has an easy access to the facts in the case, and so conversation and discussion (and even gossip) follow which bring out agreements and disagreements, strengths and weaknesses in proposed remedies. Finally a public opinion or group judgment emerges which sets the norm for group action. No matter how simple the problem may be, its solution in the primary group situation is more or less rational, because each discussant must defend his points of view against criticism and is, therefore, forced to think his position through to the end. His fellows will not tolerate flighty or incomplete thinking.

In the secondary or derivative group situation on the other hand, the process of forming public opinion is somewhat different. In such situations it is almost impossible for the average citizen to know the facts in every crisis situation. Problems are both too complex and too numerous, and people differ too widely in their com-

prehensions of a given problem and in their wishes concerning its solution. There is little actual fact and what little is known is circulated by the organs of communication and so slanted as to suggest a conclusion. Therefore the directed thinking which characterizes the attack upon problems in the primary group gives way to predigested opinions served up by competing journalists and radio commentators in the derivative group. The individual can skip from one opinion to another as each in turn appeals to his fancy. No one will challenge him to think the problem through to the end. The public opinion that emerges will often be, in a democracy, the one which has the greatest emotional appeal, and in a dictatorship, the one which has the official stamp of approval. Public opinion in Italy in 1939, for example, was switched from pro-Allied to anti-Allied by the prepared opinion of the radio and the press. Public opinion in the derivative society, then, tends to be a created opinion which is foisted upon the masses by shrewd or powerful leaders. As an evidence of this we may point to the fact that minorities have often converted themselves into majorities even though at times their programs have been rationally indefensible. Witness the growth of the Townsend Movement of our times, and recall the successes of the Abolitionists and the Prohibitionists in getting public opinion to back their programs. A number of studies have shown that individuals change their opinions as rapidly as new stimuli embodying new and different appeals are brought to bear upon them. It is a common technique in the study of public opinion today to test groups for their opinions, then submit them to some form of artful propaganda, and finally retest the group for changes in opinion. The studies reveal a decided shift in opinion in response to the propaganda used.

**The Measurement of Public Opinion.**<sup>1</sup> The measurement of public opinion as a consciously worked out technique is relatively recent. The methods most commonly used fall into four main groups.

*Roving Reporters.* Individuals trained in the art of quizzing people make contact with as many people as possible in as many occupational fields and social classes as possible. The weakness of the method lies in the possible presence of subjective elements in

<sup>1</sup> Adapted from "A.D 1940," *Fortune*, XXIII 124-126, Jan., 1941. (Appendix: Methods of Recording Public Opinion)

the reporters. Any slight bias or prejudice would be sufficient for the unconscious formulation of leading questions.

*Cross-Section Samples.* Here belong the polls and surveys conducted by leading journals and by such individual workers as Dr. George Gallup in his Institute of Public Opinion. Essentially, the method involves the presentation of questionnaires to a cross section of the community. Using this method, recent surveys of public opinions have proved to be remarkably accurate. This is probably the most reliable of all methods.

*Content Analysis.* Foreign embassies in this country employ experts to go through the news items and editorials of leading newspapers and journals in an effort to ascertain the direction of public opinion. Though this is thought to be an effective method, its outstanding weakness lies in the fact that the press does not necessarily reflect what the public thinks. This was clearly demonstrated in the success of the Democratic presidential campaigns of 1936 and 1940, which were successful in spite of contrary newspaper expressions of what was purported to be public opinion.

*Mass Observation.* This method has been used extensively in Europe and consists in the use of an army of amateur reporters who record spontaneous expressions of opinion and submit them to a central office for classification and analysis.

In our society, the necessity for knowing the public mind and the public will is becoming increasingly imperative. Therefore it is to be expected that the future will bring better methods of recording and measuring public opinion, or at least improvements in the present methods.

**The Psychology of Public Opinion.** In view of the fact that people are so different from each other, the student might wonder how people can ever come to agreements in their opinions so that a public opinion can be formed. This could not be possible, of course, if the members of a given social group were not more alike than different. In the first place, there must be a common language in order that communication be possible. Further, there must be a common fund of ideals and habits; otherwise emotional appeals could not elicit a common opinion and a united response. And lastly the group must have a common set of stereotypes through which social experience is interpreted.

In the opinion of many writers the common stereotypes are con-

sidered the most important elements in the formation of public opinion. A stereotype is a preconceived mental picture or organization through which we view our world. We impose our stereotypes upon everything we see, so that we see things not as other peoples see them, but as we have been taught to see them. All of our sense impressions are forced into these Procrustean beds which we have called "stereotypes," or pictures in our heads, and they tell us how things ought to look. Each of us has a picture in his head of what a Bolshevik looks like. We all think we know what a Communist is. We think we know what a Jew looks like, and so on. The first American movies shown in Spain met with a reception of hostility mingled with laughter. The villains were dark, swarthy men with long, black mustaches — the typical Spanish stereotype of the hero. The Spaniards saw little sense in movies which used hero types for villains.

Since in the modern derivative society social experience is viewed largely through stereotypes, it is obvious that those opinions which most closely resemble our mental pictures will be accepted and others rejected. Thus it is that those who strive to win our support work into our stereotypes and not counter to them. That the stereotypes present false pictures of social reality makes not the slightest difference in their value for crystallizing public opinion. The realization that no Jew ever looked like Herr Goebbels' picture of the Jew wouldn't change German public opinion concerning the Jews one iota.

**Pressure Groups and Public Opinion.** The Sherman silver purchasing act passed by the Republican administration of 1888-1892 provided for the transfer of the monetary system of the United States from a gold basis to a gold and silver basis. This bit of legislation was deemed by the bankers of the nation to threaten their interests, and consequently a convention of leading bankers was called at which it was decided to create a business depression by voluntary restriction of credit and for the purpose of forcing a repeal of the silver purchasing act. The confidential letter sent by the Bankers' Association to all national bankers included the following revealing paragraph:

You will at once retire one-third of your circulation and call in one-half of your loans. Be careful to make a money stringency felt among your patrons, especially among influential business men. Advocate an extra session of Congress for the

repeal of the purchase clauses of the Sherman law; and act with the other banks of your city in securing a large petition to Congress for its unconditional repeal, as per accompanying form. Use personal influence with Congressmen, and particularly let your wishes be known to your Senators. The future life of national banks as fixed and safe investments depends upon immediate action.<sup>1</sup>

The conspiracy was successful. The bankers informed the public through the press that the depression which followed was caused by the operation of the silver purchasing act. The act was subsequently repealed in response to the demands of public opinion.

The above incident reveals the role played by pressure groups in the formation of public opinion and, ultimately, in the enactment or repeal of legislation. The pressure group is a minority group which is well organized around some special interest. Such groups emerge in highly differentiated societies such as ours because the variety of competing interests makes consensus practically impossible of achievement. Where there is no one opinion possible, each group really must organize to protect its own interests. G. D. H. Cole, the English Guild Socialist, has for some time advocated what he calls "functional representation." He suggests that political representatives be selected by interest groups rather than by geographic groups. Few realize how near to such a system America really is. There are scores of well-organized interest groups which maintain permanent offices at the capitals. Their representatives haunt the halls of Congress and the offices of legislators by the dozen. Their function is to watch legislation and to create sentiment either for or against it. Not infrequently the private counsels retained by pressure groups draft the bills which are to be presented to the legislatures. The American Legion, the United States Brewers' Association, the Navy League, the Anti-Saloon League, the United States Chamber of Commerce, the American Federation of Labor are just a few of the organizations engaged in lobbying activities.

Pressure groups use a variety of techniques to influence public opinion and to guide legislation. Workers in a given industry, or even the customers of some distributing concern, may be called upon to sign petitions which call for this or that bit of legislation. Sometimes the public is deluged with pamphlets, as was the case

<sup>1</sup>Quoted from D. W. Ryder, "Two Men of Glasgow," *Living Age*, 344: 354-364, June, 1933.

during the Anti-Saloon League's drive for the Prohibition amendment. Legislators are swamped with avalanches of telegrams at critical stages of legislative debate. Floods of personal letters pour into the offices of Congressmen demanding favorable action on proposed legislation. Subsidization in the form of advertising is used extensively to lure newspapers and magazines into supporting the programs of special interests. The success of these devices is leading some to question whether the country is governed by representatives of the people's choosing or by lobbyists.

**Public Opinion as a Social Control.** The fear of public opinion acts as a powerful control upon individuals and organized groups alike. An adverse public opinion may result in social ostracism or an economic boycott, which may ultimately undermine social status or economic position.

The importance of public opinion as a social control gains emphasis when we compare it with one of the more powerful of the institutional controls — law. As a form of social control public opinion is far wider in its scope and far less expensive than law. Whereas the law is slow in its operation, public opinion is not only immediate, but it acts to forestall antisocial behavior. Furthermore, public opinion is effective in realms which are closed to law. During the worst years of the depression of 1929–1939 the law would have deprived many farmers and householders of their homes and property, but public opinion stepped in to forbid creditors to press their claims.

As a control public opinion is not without its shortcomings, however. We have already seen that it can be manipulated by the unscrupulous. More than this, though, it is often too short-lived to be effective. Professor Ross has well said that the public has a short wrath and a poor memory. That there is no such thing as a unanimous public is another drawback. A wrongdoer can move from a public which condemns him and find acceptance in another which condones him. Public opinion doesn't countenance nonconformity; so it has always persecuted the innovators. Finally, public opinion all too often dissipates its energies in attacking minor and stupid issues. Such things as flagpole sitting, short skirts, and the merits and demerits of plans for regulating prize fighting and wrestling have taken too much of the attention of the public in recent years.



## PROPAGANDA

In the preceding paragraphs we have referred to the manipulation and control of public opinion. Such control involves the use of some form of education, and more particularly of propaganda. Inasmuch as education has been treated in a separate chapter in this volume, we shall restrict ourselves largely to a discussion of propaganda as a means of control.

**Definitions.** Authorities find difficulty in agreeing upon what shall be included in the term "propaganda." Much controversy has emerged over the question whether propaganda is good or evil or both. Even those who believe that propaganda may be socially useful are rarely willing to admit even that they use "good" propaganda. They want to be known as "educators," not propagandists. The term propaganda has such a taint that the general public looks upon it as something evil, something undesirable. We shall think of propaganda as the manipulation of symbols (words, pictures, and so forth) in an attempt to persuade others to accept a particular point of view or line of action.

How does this definition differentiate propaganda from publicity and advertising, from education and indoctrination? The dividing lines are hard to fix, of course, for there is much overlapping. Publicity refers to the use of stunts and demonstrations and news items to call attention to a personality, a product, or a cause. Publicity may be used to call attention to a Red Cross drive, for example. In publicity the appeal is largely to individual attitudes rather than to mass attitudes, to individual action rather than to collective action. Advertising differs from propaganda only in that it is open and aboveboard. The advertiser may claim all kinds of virtues for his product, but since everybody knows that his copy is openly paid for as advertising, his claims can be discounted. There is nothing secret about advertising. Education doesn't sponsor any particular point of view, nor does it point to any preformed conclusions. In education, all available facts are presented and every point of view is considered. There is no persuasion; there is every opportunity for criticism. The propagandist, on the other hand, selects the facts in the interest of a particular point of view, and usually the source is carefully concealed. Nothing but the truth may be employed in a given bit of propaganda, but facts which

would give a balanced opinion are omitted. Education should be distinguished from indoctrination. Much that passes for education, particularly in sectarian schools, is nothing more than indoctrination — the teaching of an organized set of principles or doctrines for the purpose of winning allegiance to a system of belief. The indoctrinated person has a ready explanation in terms of his system of belief for any phenomenon be it Communism, Methodism, Catholicism, or what not.

**The Psychology of Propaganda.** Almost everyone is sure that he is immune to propaganda, and yet almost everyone is a victim of it at some time or another. What is responsible for this startling effectiveness of the propagandist? Why is it that people seemingly on their guard fall such easy prey to the propagandist's wiles?

In our discussion of public opinion it was pointed out that people in the highly complex world of today do their seeing and hearing through ready-made mental patterns which we called "stereotypes." The stereotype is a timesaving and thoughtsaving device which makes critical reflection unnecessary and thus speeds up response. The stereotypes "Red," "Jew," "Jap," "Wop," used in conversation or speech save endless description and carry the meaning instantly. No one really fits these stereotypes, of course, for they are usually false pictures of reality, but they are a close enough approximation to make rapid communication possible.

Now the propagandist is a past master in the manipulation of such stereotypes and symbols. He knows, too, that the average citizen is little more than a bundle of emotions — hates, fears, and loves. It is his task to see to it that communication is kept within the bounds of emotional terms. By suggestion, innuendo, and emotional appeal he implants the appropriate symbols and stereotypes, and thus gains a response on an automatic, emotional, and habitual level instead of on a reflective basis. By hook and by crook he strives to short-circuit thinking, and yet at the same time contrives to make the victim believe that his response is the product of thought. This is why the shrewd salesman, like the propagandist, never argues with a prospective customer. He rather switches from a touchy point to one that is less charged in order to prevent argument, for argument involves thinking and thinking is lethal to propaganda and sales talk alike.

Knight Dunlap has summarized the psychology of propaganda

in such a fashion as to supplement what has been said above. Dunlap presents six general rules<sup>1</sup>:

1. If you have an idea to put over, keep presenting it incessantly. Keep talking (or printing) it systematically and persistently.
2. Avoid argument, as a general thing. Do not admit there is any "other side"; and in all statements scrupulously avoid arousing reflection or associated ideas, except those which are favorable. Reserve argument for the small class of people who depend on logical processes, or as a means of attracting the attention of those with whom you are not arguing.
3. In every possible way, connect the idea you wish to put over with the known desires of your audience. Remember that wishes are the basis of acceptance of ideas in more cases than logic is.
4. Make your statements clear, and in such language that your audience can repeat them, in thought, without the need of transforming them.
5. Use direct statements only when you are sure that a basis for acceptance has already been laid. Otherwise, use indirect statements, innuendo, and implication. Use direct statements in such a way that the attention of the audience shall be drawn to it sufficiently to take it in, but not sufficiently to reflect upon it.
6. For the most permanent eventual results, aim your propaganda at the children; mix it in your pedagogy. Follow the example, in this respect, of the successful propagandists of the past.

**Propaganda Devices.** To get his appeals across to the public the propagandist uses a full repertoire of tricks. We can do little more here than to list them and comment upon some of them.

*Editing: the Card-Stacking Device.* The propagandist is able to edit the stimuli and to stack the cards in his favor. In its violent attack upon Russia some years ago a national newspaper chain edited the scenery in such a way as to convey the impression that starvation was rife in the land of the Soviets. Old pictures of the famine of 1921 were dug out and presented to the public as representing conditions in 1936. Pictures do not lie, but liars use pictures.

In a like manner the propagandist edits the facts by selecting for presentation to the public just those facts which strengthen his case. Public ownership of the railroads is doomed to failure, we are told, because the Canadian Grand National Railways have never operated at a profit. What we are not told is that these railways were an even greater failure under private ownership and had to be taken over by the Canadian Government at fancy prices in order

<sup>1</sup> Knight Dunlap, *The Civilized Life*, Williams and Wilkins Company, Baltimore, 1934, pp. 360-361.

to preserve for the Dominion a system of communication and transportation in a vast, sparsely populated area.

In a newsreel we are shown a herd of cows in Arcadia, Missouri, using sidewalks built by the PWA at a cost of \$20,098 — seemingly for the sole benefit of the cows. We are not told that the cows were rented from a farmer who agreed not only to drive them over the new sidewalks, but also to supply the necessary dialogue for the nominal sum of \$25. Likewise, pictures of a Polish riot were once shown in a newsreel under the caption "Russians beat women."

Editing or card stacking relies upon deceit, exaggeration, and distortion in an effort to suggest a desired response. Not only scenery, facts, and news, but also personalities and in fact anything can be edited and thus loaded.

*Appeals to Prestige.* *Propaganda Analysis* has called this the "transfer device." The propaganda is attached to persons or objects of prestige which have a ready acceptance in the public mind and is thus able to slip in unnoticed. It is a common observation that we tend to accept the ideas and practices of those we admire. Our admiration and respect transfer from the person to the ideas ascribed to him. One can get a rabid conservative to accept a socialistic idea merely by ascribing it to a respectable personality whose conservatism is unchallenged and whose words carry prestige.

*Appeals to Prejudices, Emotions, and Sentiments.* Everybody has some pet love or hate as well as a number of lesser loves and hates — and the propagandist knows it. It is to be expected, then, that propaganda will carry a heavy load of emotional freight. Indeed, it was by cultivating the loves and hates of the German people that Hitler was able to win power. The words "home," "mother," "American childhood," "family," "Jew," "nigger," "the Lord," "Constitution," and so on, were made to order for the propagandist. They are "virtue" words or "devil" words which arouse our emotions and get us to respond without examining the evidence. Nor does the propagandist overlook appeals to the sex urges.

*Disinterestedness.* To feign disinterestedness is one of the favorite tricks of the propagandist. The Navy League, which for years has propagandized for a bigger navy to protect our shores, ostensibly had no other interest than the public weal. Of course, the public could never know that the personnel of the Navy League included for the most part people who would benefit tremendously from the

construction of more battleships — heads of steel companies and the like.

A telephone company assures us that it has no other interest than to serve the nation efficiently, and that when the public is ready to take over the telephone system, the company will gracefully step out. Propaganda by such utilities against public ownership is notorious, and their profits have not exactly been the wages of disinterested servants.

*Name Calling.* We are often decided in our opinions by the labels we find attached to men and their ideas. To discredit an opponent and his ideas it is often only necessary to attach a label which is hated by the public. The religionist who fears for the success of his particular kind of faith has a collection of names for his supposed opponents. Scientists are "materialists," leaders of other denominations are "heretics," "pagans," "infidels" or "modernists." People of opposing political creeds are "Reds," "Fascists," or "Wall-Streeters." In all cases, of course, the implication is that the person to whom the label is attached is in league with the devil and is trying to destroy all that society holds dear.

*Disguise.* Occasionally propaganda will be found to be sailing under false colors. If the chances for success are apt to be greater under a disguise, the propagandist doesn't hesitate to use it. Favorite disguises are news, patriotism, public service, and education. Newspaper editors are kept quite busy sorting out releases which come to them in the form of news items.

During the worst years of the depression the People's Tax League built up quite a following and garnered many a dollar from tax-burdened members. Ostensibly the Tax League was organized to bring about a general reduction of taxes. A prominent student of propaganda who was a member and paid his dues regularly was chagrined to discover that the People's Tax League was organized to reduce taxes in the upper brackets only — to ease the load on the millionaires. The propaganda was effective in getting the members of the poorer classes to pay the expenses of the League.

*Appeals to Humility: the Plain-Folks Device.* In popularizing a political candidate, or even a merchant, the ruse of presenting him as "just one of us," a humble, plain citizen, is often resorted to. The Jewish proprietor of a large clothing business is presented over the radio as the "Jolly Irishman." During election years the

late President Coolidge was usually pictured near a cultivator and replete with overalls, collar and tie, stickpin, and derby hat. During the Presidential campaign of 1940, the Republican candidate was presented as a small-town boy who had made good as a farmer. The appeal to humility, or the "plain-folks" device, stems from the realization on the part of the propagandist that the public has a deep-seated distrust of the powerful and wealthy. The stereotype of the bloated capitalist must be replaced by that of "honest Hiram."

The use of cartoons and slogans (which carry an appeal and a program at the same time), the control of school textbooks, stunts and demonstrations involving the use of standardized symbols (donkey, elephant, camel), ridicule, flattery, and censorship (to prevent the truth from appearing) are also favorite devices of the propagandist. Indeed, there is no limit to them. As rapidly as one device is spotted and exposed, another takes its place.

**Media of Propaganda.** By what agencies are the devices of the propagandist brought to bear upon the public? The media are varied and interesting, and perhaps to the student, surprising. The field is extremely well cultivated as we shall see.

*The Press.* The printed word is still the most important agency for the spread of propaganda. We can listen to virtue words and devil words on the radio, but somehow they do not arouse our emotions nearly as effectively as what we read. There are outstanding exceptions to this statement, of course, but the fact remains that the printed word or cartoon is effective over a greater span of time than is the spoken word.

The volume of printed matter to which the American public has access is stupendous. Our presses pour forth about 10,000 books every year, each edition running into thousands of copies. We publish nearly 4000 magazines a month, upward of 7000 weekly and semiweekly newspapers, and about 2000 daily newspapers. If we add to these the countless pamphlets and "dodgers" issued by interest-groups, then the estimate of forty million people reached by the press does not seem too high.

In recent years the belief has been growing that the influence of the press in the formation of public opinion is waning. This notion has gained some support from the fact that President Roosevelt was elected in 1936 and again in 1940 in spite of strong opposition on the part of the daily press. L. L. Bernard has ascribed this decline

in the influence of the press, if such there be, to the popular realization that the daily press of the entire nation is controlled by a very few men who demand that editorial policy be in line with their own selfish interests.

Whether the prestige of the daily press is declining or not, the fact still remains that the printed word carries most of our propaganda. Cartoons, comic sections, and society pages are still doing yeomen duty for the propagandist. The news is carefully edited and slanted, and censorship is employed by those in control to keep certain kinds of information from the public. H. S. Rauschenbusch has shown that certain newspapers, because of their dependence upon advertising, are the willing tools of the utility propagandists who are using every device to discredit public ownership of utilities and to popularize private ownership.<sup>1</sup> This should disillusion any who believe that news is a factual presentation of current events. The events which go into the making of news are selected for their interest value and are so treated as to arouse an emotional response, no matter how mild. The mere recounting of events is emotionally too cold to lead to the formation of opinions. This is why rumor and gossip are so effective in the formation of public opinion. Even more than news they appeal to the dramatic interest, but like news they must be appropriate to the time, place, and circumstance if they are to be effective in the formation of opinion. The appeal of rumor and gossip lies partly in the free play they give to the imagination. News tells too much; rumor and gossip tell too little, and the filling of the gaps in the story is a delightful wish-fulfillment experience.

*The Radio.* In 1938 radios were owned by 26,666,050 families in the United States. It is hopeful that as yet the radio has not been subverted to the use of the propagandist to the same extent as has the newspaper. At least there is still the possibility of hearing the other side over the radio. Each of us has had the opportunity in the past to listen to radio addresses by Communists, Socialists, Townsendites, as well as by Individualists. It is noteworthy that though the radio stations can cut a speaker off the air, they cannot garble and distort his words nor put into his mouth words he did not utter, as the newspapers have often done in the past. The

<sup>1</sup> H. Stephen Rauschenbusch, *High Power Propaganda*, The New Republic, Inc., New York, 1932, *passim*.

Federal Communications Commission and the radio networks themselves are in a position to see to it that more than one side of controversial issues is presented. The many educational programs and university round tables go far to hamper the efforts of the propagandist, and an increase of such programs is to be expected.

Nevertheless, much propaganda does come to us over the air. News commentators sometimes "slant" their materials by carefully placed emphasis and by studied selection of words. Radio drama can be so presented as to implant certain attitudes in the minds of the audience. The dramatic personnel can be so selected as to make us hate or admire personality types, nationalities, trade unions, and other objects.

*The Movies.* Despite its tremendous potentialities, the movie has not been exploited to any extent as a medium of propaganda — at least not in America. One reason for this is perhaps the fact that box-office receipts are more important to movie producers than the formation of public opinion. The movie industry has discovered that it is most profitable to cater to a hypothetical patron who is just intelligent enough to understand what is going on. Movies which fit the hypothetical patron can be understood and appreciated by every group in the population. "Highbrow" movies would close the cinemas to large groups of the less intelligent whose money is just as good as that of the elite. The necessity for keeping an eye on the box office has prevented American producers from experimenting on a considerable scale with "idea" movies, although Charles Chaplin attempted it in his "Modern Times" and "The Dictator," and with fair success. So bent is the cinema on catering to the hypothetical patron that great stories are distorted beyond recognition in the interests of simplicity.

In recent years the newsreels have been used to some extent for propaganda purposes. The "big navy" and the "big army" people have discovered the newsreel, and so we are invariably treated to a view of the "good old marines" or battleships at target practice. But perhaps the greatest importance of the movie as a medium of propaganda derives from its selection of plots and characters. Villains can be made heartily detestable and then subtly made to symbolize some idea or system of ideas. Recently a group of college students saw a movie in which the villain was named Romanoff. He was a big, rowdy, dirty, loudmouth who insisted that he was



right in every argument. The propaganda was effective. The students were agreed that Russia must be hell on earth, and Bolsheviks semibarbarians, although the picture made no reference of any kind to Russia or to Bolsheviks.

*The School.* It is to be expected that the propagandist would not overlook the great possibilities of the school as an agency of propaganda. School officials are constantly on the alert against subtle schemes to convert our educational institutions to the use of unworthy interests, and their vigilance has not always been strict enough. Propaganda of all kinds is spread unwittingly, and sometimes even consciously, by educators the country over.

The methods used to convert the school into an instrument of propaganda are as enlightening as they are despicable. The American utility interests a few years ago spent millions of dollars on the rewriting of textbooks on history and civics. All favorable references to public ownership were carefully deleted and their place taken by laudatory references to private ownership. Private ownership of utilities was presented as a more efficient form of public ownership! Nor are "patriotism," "love of home and family," and so on, overlooked in the use of appeals. The "corrected" textbooks were distributed to schools free.<sup>1</sup>

Thousands of pamphlets and leaflets have been issued by the power trust for use in the classroom, and teachers of its own choosing have been "planted" in schools, colleges, and universities throughout the land. Just how this is done can be learned from the words of one of the propagandists who wrote to a colleague: <sup>2</sup>

. . . it has been our custom to place certain educators before Normal schools and other colleges in the state. We have no set rule or formula for this work . . . we have adopted the plan of having a third party organization make the arrangements with the schools. In strict confidence, the Illinois Chamber of Commerce handled it for us during the last session. We, of course, paid the bill. We try to keep away from announcing the talk to have anything to do with public utilities . . .

These four agencies, the press, the radio, the movie, and the school, are by far the most important agencies of propaganda, but they by no means exhaust the list. There is still the pulpit, the lec-

<sup>1</sup> For the complete story of power-trust propaganda in the schools see the works of Ernest Gruening, H. Stephen Rauschenbusch, Carl D. Thompson, and the Federal Trade Commission Report listed at the end of this chapter. Also Bruce Raup, *Education and Organized Interests in America*, G. P. Putnam's Sons, New York, 1936.

<sup>2</sup> Stephen Rauschenbusch, *op. cit.*, pp. 47-48.

ture platform, the forum, and a host of others of lesser importance at the disposal of those who would influence public opinion and action.

**The Control of Propaganda.** The problem of bringing propaganda under social control has plagued the minds of educators at least since the close of the First World War. If some of the solutions proposed seem fatuous to us today, we must remember that their originators were wrestling with a new and most complex problem. Even at the outset we shall admit that a satisfactory solution has not yet been discovered. We shall present what solutions have been advanced for the student's criticism in the hope that he may be led to think the problem through for himself.

As might be expected, the first suggestion for the control of propaganda has recourse to that old whipping boy, education. Even intelligent people have not yet lost their naïve faith in the power of education to cure all ills. Rarely are we told what kind of education would be effective in meeting this problem, but just "education." Well, we have been educating against propaganda for ever so long, but the many-headed hydra is as virile as ever.

More recently, the suggestion that we educate in order to defeat the propagandist has become more specific. We are urged to inform the masses as to the methods used by the propagandist as a means of disarming him. To this end the Institute for Propaganda Analysis, Inc., publishes a monthly letter, "Propaganda Analysis." There is no doubt that our acquaintance with the tricks used to mold public opinion will enable a few to detect propaganda. However, this does not meet the problem of the manipulation of the symbols and stereotypes through which all of us see our world. Courses in logic are notorious for their failure to produce logical thinkers. Not many of us apply what we learn.

Professor E. A. Ross has suggested that the public be trained to demand who pays the bills of lecturers, speakers, and special pleaders. This, Ross believes, would force an identification of the partisans and enable the public to evaluate the motives behind the special pleading. This suggestion has some merit. Its only drawback would seem to be that it does not recognize the ingenuity of the propagandist who would not hesitate to invent any kind of plausible story and advance any kind of altruistic motive to disarm a suspicious public. It must not be forgotten that propaganda is a

chameleon which changes its coloring to resemble whatever the public demands.

Some would combat propaganda with counterpropaganda — fight fire with fire, so to speak. Without wishing to be moralistic, it might be questioned whether fighting one evil with another is really wise policy. In such a “battle of the fires” someone is likely to be burned and experience has taught us to expect that it probably would be the public. There is always the danger that the competing propaganda might be confused in the public mind and that the selfish propaganda, because of better financial backing, might win out. Counterpropaganda pays no immediate cash benefits, and for this reason might fail for lack of public support.

Suggestions for a legal attack upon propaganda are not lacking. Compulsory revelation of the source of propaganda has been advocated for some time. In view of what is known of the wholesale evasion of the law at the present time, such legislation would offer no serious handicap to unscrupulous interests. Nor would the enactment of legislation which would lead to prosecution for the dissemination of falsehood be of much avail. What shall be done about the spreading of falsehood by suggestion and implication? The statement “Our foods contain no poisonous preservatives” subtly suggests that competitors use poisonous preservatives.

Realizing the tremendous importance of the press as a medium of propaganda, some have contended for public control of the newspapers. A governmentally owned press or even an endowed press, it is felt, would end the propaganda menace once and for all. The drawbacks to these suggestions are too transparent to warrant discussion, although it might be admitted that something could be achieved by the popularization of the endowed liberal journals.

It would seem that the only realistic plan for the control of propaganda is that proposed by Walter Lippmann in his *Public Opinion*. Mr. Lippmann recognizes that propaganda is a phenomenon of secondary and derivative association. In a world as complex as ours, the citizen can keep *en rapport* with his fellows only through the newspaper or radio. These are the only means whereby he can get even a partial picture of his social world. So numerous are the stimuli and so complex the social situations that it is practically impossible for the common man to understand his social environment. No one can possibly be competent in every field of endeavor,

and yet each man is called upon to make rational decisions on every conceivable question, from prohibition to tariffs to birth control. The best he can do is to follow the suggestions of astute special pleaders who bombard him with one emotional appeal after another. To take the place of this type of social decision Mr. Lippmann suggests the employment of experts by each interest group to interpret situations and recommend decisions. The farmers, for example, could employ specially trained men to examine and evaluate proposed farm legislation for them. Something of this sort is already being done in a small way. The Consumers' Research and Consumers' Union and government bureaus are proving effective in evaluating products offered to the consuming public.

It is going to be difficult, no doubt, to convince the American citizen that he really is not competent to make decisions on all questions which come before him. If the expert is to come into general use, it will only be after the deflation of the ego of the average man who at the present time believes himself competent to make his own decisions. This might prove to be the rock upon which Mr. Lippmann's program might come to grief. However, it is well worth trying.

#### TERMS TO BE UNDERSTOOD

public	advertising
public opinion	education
stereotype	indoctrination
pressure group	card stacking
propaganda	transfer device
publicity	plain-folks device
	news

#### QUESTIONS FOR DISCUSSION

1. Identify some of the publics to which you belong. What is the basis for your inclusion of yourself in these publics?
2. Contrast the formation of public opinion on the college campus and in the wider society. What are the outstanding differences and how would you account for them?
3. In the face of the wide range of differences between individuals in any society, how is a unified public opinion possible?
4. Which of the following are stereotypes? "Monogamy," "deadhead," "science," "grafter," "nigger." Of what importance is the stereotype in the formation of opinion?

5. What factors in the social situation account for the rise of pressure groups? Would you favor legislation controlling lobbying or abolishing pressure groups? Why?
6. In what kinds of societies is public opinion most effective as a social control? Is public opinion alone adequate as a social control in any type of society?
7. Differentiate between education and indoctrination. Identify some of the systems of indoctrination to which you have been exposed. Do you think indoctrination good or bad? Explain your stand
8. What propaganda devices have been most successful upon you? How do you propose to limit the effect of propaganda upon you in the future? Enumerate some of the basic interests to which the propagandist appeals.
9. Can you cite examples of "good" (socially worth-while) propaganda? What methods have they used?
10. Which would be more apt to capture the public mind in any given issue, a catchy, humorous cartoon, or a well-reasoned discussion? Defend your answer.
11. What factors account for the success of news, rumor, and gossip in the formation of public opinion?
12. How effective do you think governmental control of propaganda would be? What would be the benefits and limitations of such control?
13. How does the radio differ from the press in (a) its effectiveness as a propaganda instrument, (b) in the control imposed upon it?

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## RACE AND CULTURE

In a world which boasts of a high civilization, of rationality, of humanitarianism and of science, the presence of racial superstitions seems absurd. Yet racial dogmas have become so strong that "race" is a fighting word. The emotional tone with which the concept rings is an indication of and helps to explain the great amount of ignorance on the subject. People use the term "race" to carve out their own neat worlds. There was a time when one was either a Greek or a barbarian. To many today a person is either a Jew or a Gentile, an Aryan or a non-Aryan. We speak of the French race and of the gypsy race. However, none of these is a racial grouping. A race, in the original biological sense of the word, is a group of people who possess a common set of hereditary physical characters which serve to distinguish them from other groups of people.

The cause of most difficulties in the use of the race concept is the general confusion of culture with race. According to the popular conception, race differences are supposed to be reflected in the type of culture, the national outlook, and other features of social behavior. The validity of this belief, however, has never been demonstrated. It has been shown that groups differ to some degree in physical characteristics, and it is obvious that cultural practices are highly variable; but it has not been proved that a culture is dependent on the innate qualities of a human group. Throughout the world we find different racial groups enjoying essentially the same culture; on the other hand, members of the same race, who live in diverse geographical areas of the world, exhibit utterly different cultural patterns. These statements could not be true if race determines culture. The confusion, therefore, arising from the use of the race concept stems from the failure to recognize that race is a biological fact, whereas civilization is a cultural fact.

**Nature and Nurture in Human Life.** It is obvious that we must first gain an appreciation of the nature and function of biological

inheritance and of the social heritage before attention can be properly focused on the problems of race and culture.

One dimension of nature which influences life development is the physical environment — the flora and fauna, the earth and the atmosphere. For lower animals this natural environment is of great importance, because the biological make-up of the animal species and their ways of life are adapted to a narrow range of environmental conditions. Thus, the natural habitat for the fish is water, and that of the grizzly bear is the cold, semimountainous, wooded areas. Any sudden, radical change in the environment of most lower animals would cause their extinction. In other words, there exists a one-to-one relationship between the biological make-up of lower animals and the environment in which they live.

Man, of course, shares this natural environment with the lower animals, but there is another environment which is practically his exclusive possession. The environment in which human beings are born is complex and highly variable. Man's biological make-up is not deterministic in the same way as it is among lower animals, for man lives under the most diverse conditions of life. What is more important is that man's environment consists in large part of tools, buildings, clothes, language, art, religion, and the many other ways of life which man develops. This type of environment, which is usually referred to as "man-made," constitutes the social heritage or culture. Whereas the original traits of the organism are transmitted through the germ plasm, cultural traits are acquired through communication.

The natural environment is certainly not the significant factor in explaining the variety of human cultures in the world. In fact, no one definite type of environment is invariably associated with any given culture. The centers of civilization have flourished in different localities, climates, and environments; and different cultures may exist in similar environments. Actually, every use which man makes of the natural environment transforms that environment. It is almost meaningless to speak of man's physical environment without also referring to his culture. Only those features of the natural habitat to which man reacts constitute his "effective" environment. Though man can work only in and upon his natural surroundings, the tools and ideas of his culture, which are not the creations of the natural environment, give his life its distinctive



pattern and make his life significant. The environment furnishes the materials for his travel, but he furnishes the plans and selects the equipment and modes of travel. The primitive hunter is dependent upon nature for his game, but he is also dependent upon his own created culture for the weapons with which to kill animals. The city is perhaps the most artificial environment which any animal species has ever developed; in fact, it is so new that even man has not yet made a satisfactory adjustment to it. It is obvious, too, that the environment of the United States is not the same to us as it was to the Indians before the white man arrived, though there has been little change in the natural environment. The Indian boy used to hunt, fish, trap, and gather herbs. He probably knew about woodcraft, and he believed in mystical powers. Today, the boy goes to school; he learns to read and write, to speak English, and to worship in the Christian religion. He may even spend most of the hours of his life indoors. Machinery plays an important role in his daily routine, even as a means of his travel and amusement.

At different times and different places, the social heritage of man plays different roles. Not many years ago in the United States a woman was expected to be delicate, retiring, helpless, and to cultivate the art of fainting to be used in embarrassing situations. Today, women stand for equal rights; they have invaded most occupations; they hang onto streetcar straps; and some women are known as "gun molls" and "lionesses." There was a time in many European nations when a young woman would have to marry whomever her parents chose. In fact, if her parents didn't have a dowry, her chances for marriage were slight. Today, in place of a dowry, some men are willing to marry only if the woman holds a job of her own. It is apparent that the social heritage may cause people living in very different natural environments to share in the common ways of life; and conversely, for people living in the same locality or similar natural environments to differ greatly in their ways of doing things.

Just as cultures among humans vary, so human beings differ from one another. Sometimes these differences are great, as between the two sexes; but in most instances the difference is one of degree and not of kind. In any case, however, human variability is significant in social life, for we are prone to rank human differences, and to pass judgments on them as good or bad, successful or

unsuccessful, beautiful or ugly. Consequently, it is important to trace the relation of human variability to both biological heredity and social heritage. Heredity is often regarded as setting the limits to human variation. Simply stated, heredity operates through certain structures which are transmitted through the germ plasm. The mechanisms involved are the genes of the fertilized egg. This hereditary structure may be affected in four major ways: by mutation, selection, intermixture, and environmental factors which operate singly or together and produce patterns of great variability.

Biologists since Darwin's time have shown that the course of evolution among animals has been dependent on the permanent changes in the germ cells, or the process known as "mutation." Though little is known about these changes which take place in the germ cells, certain features of the process are well understood. For one thing, it is known that the production of any simple physical trait, such as eye color, is dependent on the combined influence of several genes. Furthermore, it requires a long period of time for a mutation to become common to a group of people. Since the person possessing the mutant quality must produce offspring, who in turn must reproduce their kind, it is only after four or more centuries that the trait begins to spread rapidly through a population. The reason for this is that many mutant characters are recessive in nature, and appear in the physical make-up of individuals only when two individuals carrying the same trait are mated. It can be seen from these remarks that the hereditary make-up of different human groups is not the explanation for their differences in ways of life, because the mutations which have occurred in the human species since its origin have been insignificant. Therefore, it is more fruitful to seek the explanation of variation in life among human groups in the processes of cultural development rather than of biological growth.

Sometimes mutations are harmful to the animal species. Hence, if some giraffes living in a wild state were born with short necks, they would be unable to secure food or to exist. A mutation in this direction would be weeded out in the process of natural selection. Some of the physical equipment of modern man, such as good hearing and good eyesight, may be due to the weeding-out process starting centuries ago when persons with defective equipment were unable to survive. In modern society the process of natural selection is

not as rigid as it is under primitive conditions, for advanced civilization means the development of a host of inventions, such as oculists, dentists, and physicians who help cushion the blow of natural selection. The process of natural selection is closely related to the topic of race in that it is believed by some people that a group of men could be bred with the qualities of a "superior" race. At the present time, however, a positive program of eugenics is limited in scope and does not appear feasible.

The hereditary structure of humans can be modified also by intermixture. According to the most reliable biological evidence, pure races among men do not exist. Matings among individuals usually produce an intermixture of many traits. The reason for this is that parents may carry more than one gene which is different, especially for such traits as hair form, eye color, head shape, and other physical characters. There has been so much intermarriage among family lines with different genes that the races of the world are a mixture of many family strains. An important controversial question relates to the desirability of intermixture. Various studies made along this line indicate that human intermixtures must be evaluated as superior or inferior, desirable or undesirable, in terms of the values of the social group. In southern cities, the whites and Negroes accord the mulatto a higher social status than the black Negro; and as a result the mulatto is given greater opportunities.

There are instances where environmental influences change the physical and mental characteristics of men even when no changes occur in the hereditary make-up of the individuals. The American-born grandchildren of East European Jewish migrants have longer and narrower heads than those of their ancestors.<sup>1</sup> Harvard students have tended to be on the average about one inch taller than their fathers.<sup>2</sup> Children in prosperous city neighborhoods are usually taller and heavier than children in poorer sections.<sup>3</sup> These differences in physical structures take place without reference to selection or to heredity, but through such factors as improved diet and medical care, and the influences of varying moisture, heat, and altitude.

<sup>1</sup> William F. Ogburn and M. F. Nimkoff, *Sociology*, Houghton Mifflin Company, Boston, 1940, p. 82.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*

The cultural environment is very important in producing variations in mental and personality development. In modern civilized society the individual is confronted with a great number of alternative ways of life from which he must make a selection. Variations in this field are not clearly caused by any genetic factors; in fact, it is difficult to assess the relative roles of heredity and environment in producing these differences. It is not necessary to assume an extreme position that heredity or environment is more important in daily living. Both of these forces are obviously a unity, and it is difficult to speak of nurture apart from the nature of the object that is being nurtured. Every human being exhibits certain physical and personality traits by virtue of his identification with such major groupings as his sex, his family, and his race. Racial differences will be discussed at length in the following sections of the chapter, but at this point, the sex and family aspects of human variability will be evaluated.

**Sexual Differences.** Difference in sex accounts for many of the social distinctions which are made between men and women. Because women are physiologically different from men, many people believe that they must also be different psychologically. Women are believed to be more emotional and mentally inferior to men, and these assumptions have even served to bar women from certain occupations. Actually, there is little scientific evidence in support of the view that women are inferior to men in general intelligence or in emotional make-up. The tests which purport to demonstrate these differences do not really measure native capacity as such. The influence of social experience and training are always intertwined with the inherited capacity. It is more satisfactory to understand the ways by which culture distorts and modifies the inherent intelligence and emotional traits among both men and women. "With us, women are thought to be ministering angels, but among the Iroquois they were sadistic torturers. In our society expenditures for cosmetics are made largely by females, but in many cultures most of the primping is done by the males. Indeed the personalities of the sexes may change even in a given culture, with the passage of time. The modern American girl is greatly different from her predecessors. The obedient, long-suffering, delicate lady of the nineteenth century is as dead as the dodo."<sup>1</sup>

<sup>1</sup> *Ibid.*, p. 89.

In some societies men as well as women are known for their meekness and passivity; in others, both sexes are decidedly aggressive; while in still other societies the men tend to be "effeminate" and the women are practical and domineering. Thus, the differences in behavior between the sexes in society are fashioned in large part by the culture, and not by inborn tendencies.

**Individual Differences.** The case for the important role of inborn differences is usually built around the fact that members of the same family differ in their personalities. The assumption is that the family and home represent a common environment for all the family members, and that their variation in behavior can be accounted for by the hereditary factor. This notion is oversimplified, and the findings of recent studies have thrown much light on the nature of the problem. One of the most significant attacks on the problem concerns the study of identical twins, for whom the hereditary make-up is supposed to be about the same. The average interpair difference in the I.Q.'s of the identical twins, who were separated early in life and reared apart, was slightly greater than for identical twins reared together.<sup>1</sup> In view of the fact that more adequate measures of environmental differences are needed, it cannot be concluded that the I.Q. differences were significant. There are some cases on record for identical twins, separated in infancy and reared in extremely diverse environments, which show that the twin brought up in the most favorable environment may score a higher I.Q. by fifteen to twenty I.Q. points. Another approach to the problem of individual differences has been made of the changes in the I.Q. when children are placed in foster homes. In some instances, an improved foster-home environment has resulted in an improved I.Q. by ten to thirty I.Q. points. Among institutionalized children, comparisons of the variability among brothers and sisters in test results do not indicate any closer resemblances than among unrelated children who are reared in diverse environments. In certain communities which are located in remote, isolated areas, the children who have been tested show quite a low rating as compared to city children. Yet the children in these isolated communal settlements are well adapted to their limited life conditions. It seems, then, that the I.Q. tests

<sup>1</sup> H. H. Newman, F. N. Freeman, and K. J. Holzinger, *Twins: A Study of Heredity and Environment*, University of Chicago Press, Chicago, 1937.

which assume a certain uniformity of environment and aim to measure innate mentality alone are always testing for achievement as well. Furthermore, it is wrong to assume that the home represents a common environment for all the family members; and until more refined methods are devised to measure environmental differences, it is dangerous to draw conclusions about the role of heredity and environment in determining human sexual and individual differences.

**The Division of Races.** At best, the race concept is an abstraction. Certainly nobody has ever seen a race. The members of the human species vary through a continuous series, and it is highly arbitrary to make a division of human beings into races. Yet scholars generally agree on some classification among men on the basis of their inherited physical resemblances and differences. There are three great branches of the human species: the white (Caucasoid), the yellow (Mongoloid), and the black (Negroid) races. The Chinese are easy to distinguish from the Swedes and Negroes, but there are some peoples who cannot be fitted into any of the major racial divisions. The difficulty is multiplied by the attempt to make such a classification on the basis of single physical traits, such as color or size. The Hindus belong to the Caucasoid race in spite of their dark skins; whereas the Ainus of Japan, with their white skins, belong to the Mongoloid race. The Indo-Australians, a scattered series of uncivilized peoples living in India, Indo-China, and the East Indies, are dark, short, slender, wavy-haired, longheaded, broad-nosed, with eyes deep set, knit brows, large mouth, and medium developed beards. Some of these traits are Caucasoid, while others are Negroid. Fig. 25 is a graphic representation of the degree of resemblance and difference between the principal physical types of human beings in the world.

Many times people use language as an indication of race. Thus, there is an Aryan language, which was brought into Europe several thousand years ago; but to assume that this situation makes for an Aryan race is to run amiss of scientific thinking. Race and language are not distributed in parallel fashion; in fact, they are so mixed in their distribution that each has a distinctive history. A language may spread among new races of people, and sometimes it may even die out in its place of origin, though it continues to flourish among different races who may even be hostile to the originating group.

It is easy to show that a language or group of languages need not correspond to a particular racial group. The French speak one of the Aryan languages, but the Germans would not classify the French as members of the Aryan race. The English language is not spoken by any one racial group. In America, most Negroes, who represent a different racial grouping, know only the English language.

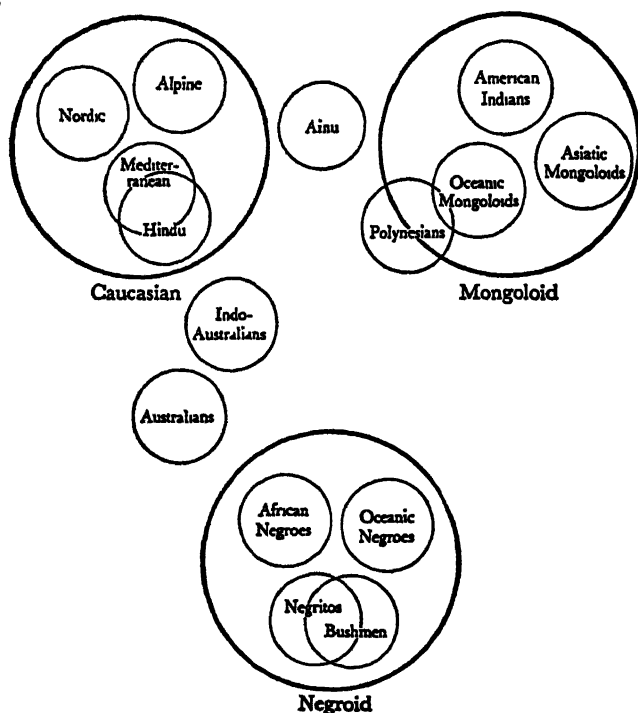


FIG. 25. RELATIONSHIP OF THE HUMAN RACES

Distances between the centers of the circles are indicative of the degree of similarity. From A. L. Kroeber, *Anthropology*, Harcourt, Brace and Co., New York, 1923, p. 47.

There are several reasons why the attempt to make simple racial classifications among men is open to criticism. A race is only a sort of average of a large number of individuals; and averages differ from one another much less than individuals. The tallest individual of a short race may be taller than the shortest individual of a tall race. Even if measurements are made for other physical features there is a marked tendency of overlapping. Furthermore, resemblances among groups, as among individuals, may be due to

selection, interbreeding, or environmental influences. The Hawaiians or Samoans are specialized groups of the yellow race, yet they resemble the whites, a different race, in as many respects as they do the American Indians, who belong to the same race.

Because physical traits are influenced by hereditary and environmental forces the best way to distinguish between races is to use a number of physical characters. Stature or bodily height is one of the most striking physical traits. Yet, considering group averages, "practically the whole range of human variability in height, from the race standpoint, falls within less than a foot. The majority of averages in height of populations do not differ more than two inches from the general human average of five feet five inches."<sup>1</sup> Then, too, stature and weight and other physical traits have been proved to be modifiable by the environment. Even "the head form, which has always been considered one of the most stable and permanent characteristics of human races, undergoes far-reaching changes coincident with the transfer of the people from European to American soil."<sup>2</sup>

Prognathism, or the degree of the protrusion of the jaws, the texture of the hair, the amount of hair on the body, and the capacity of the skull are now universally regarded as the most valuable criteria for classifying races, though physical anthropologists generally use thirty criteria. When, on the basis of all these traits, large groups of people are found to differ greatly from one another, they may be classified as separate races.

The Caucasoids are considered as a separate race, though some scholars consider them as offshoots from the Mongoloids. Most of the Caucasians live in Europe and the Western Hemisphere. The Caucasian has a fairly high thin nose, smooth (wavy to curly) hair, minimum prognathism, and is relatively hairy. Though the Caucasian is usually described as having a white skin color, actually his color is extremely variable. He has no peculiar cephalic index (the ratio of the maximum breadth to the maximum length of the head, as seen from on top, and expressed in a percentage), no characteristic body height, hair color, or eye color. Generally the Caucasian has a Roman-shaped or concave nose.

<sup>1</sup> A. L. Kroeber, *Anthropology*, Harcourt, Brace & Co., New York, 1923, p. 37.

<sup>2</sup> Franz Boas, *Changes in Bodily Form of Descendants of Immigrants*, Columbia University Press, New York, 1912, p. 5.



The Mongoloid, or yellow, race is marked by a round head and straight hair. Mongoloids are usually glabrous (that is, they have very little facial and body hair). The skin color varies widely, the nose form runs from Roman to concave, and the cephalic index covers the whole human range. The oblique or "Mongolian" eye is peculiar to the yellow people of eastern Asia. The American Indians, who probably migrated here about ten or fifteen thousand years ago by way of the Bering Straits, which were then covered with land, are in some respects differentiated from most of the yellow stock.

The most agreed-upon and clear-cut separate race is the Negroid. The black skins, kinky hair, long heads, thick lips, marked prognathism, and broad flat noses are the peculiar traits of the Negroids. The body height of the Negroes varies greatly, including the tallest and shortest individuals known.

Each of these broad racial divisions, in turn, may be divided into subraces. Here, however, is the point at which there is most disagreement. The task of classifying individuals into races would be greatly simplified if the influences of selection and environment were relatively unimportant; but since individuals are subject to these forces it is difficult to classify a race into finer subdivisions. Notwithstanding, the Caucasoid race is divided into four subtypes. In northern Europe, the Nordic is supposed to exhibit a tall stature, fair hair, blue eyes, and a long head. Yet only 30 per cent of all the Swedes measure up to the ideal Nordic type. Surrounding the Mediterranean Sea live a people who are relatively short, dark-haired, long-headed, and oval-faced. These are known as the Mediterraneans. The Alpine type exhibits dark hair and eyes, and especially wide cheekbones. They are found in Central Europe and in Great Britain. The Hindus, who were discussed previously, live in India.

The subtypes of the Mongoloid race, the Asiatic Mongoloids, the Malay, the American Indian, and the Eskimo (not shown in Fig. 25, though they overlap slightly with the American Indian) are not as greatly differentiated among themselves as are the subtypes in the Caucasoid race. The Negroid race is made up of two large divisions, the African Negro and the Oceanic Melanesian. There is a minor third subtype, the Negritos or Pygmies who are few in number but live in scattered areas, such as in New Guinea, the

Philippines, the Malay Peninsula, the Andaman Islands in the Indian Ocean, and in equatorial Africa. The Negritos differ from the other Negroids in being broadheaded, in skin color, hair texture, and head form. The Bushmen, who closely resemble the Negritos, are yellowish-brown, longheaded, short- and flat-eared, short-legged, and hollow-backed.

The foregoing comparisons indicate that human beings may be biologically classified into three large races, each of which is made up of subraces, or family lines. The differences among the types of a common race are explained in terms of the special adaptation each makes to a particular environment, and to the variations caused by selection and inbreeding. As a result, it is impossible to locate any broad race in any single area. One cannot take a given area, say Northern Europe, and find that all or most of the inhabitants exhibit all or most of the physical traits which go to make up the ideal racial subtypes. It is so difficult to draw sharp distinctions that one is justified in saying there are no pure racial types.

**Racial Superiority.** Most of the present-day interest and danger in the consideration of race lies in the attempt of various people to prove that certain groups have highly developed societies because of superior racial, physical, and mental qualities. This aspect of the race concept is not peculiar to our times. All human groups tend to regard their own ways of life as superior to those ways of life which are strange and different. People who behave differently are regarded as inferior — even inhuman!

In Mark Twain's report of the celebration of Queen Victoria's Diamond Jubilee, he wrote: "And I perceive that the English are mentioned in the Bible: 'Blessed are the meek for they shall inherit the earth.'"<sup>1</sup> Kipling interpreted this as an insult and replied by referring to the Americans as the "lesser breeds without the Law." Some centuries earlier Cicero wrote Attilus advising the latter: "Whatever you do, do not buy English slaves, for the English people are so dull and stupid that they are not fit to be slaves . . ." This was the era of Roman domination. The Greeks at an earlier time called the Romans "barbarians, good enough to kill and fight, but devoid of culture and having base souls." Even the Egyptians were not immune from this tendency, for they felt that the Greeks

<sup>1</sup> This example and the others immediately following are from Ellsworth Faris, *The Nature of Human Nature*, McGraw-Hill Book Co., New York, 1937, pp. 320-330.

"are but children, . . . [who] . . . have no history, no past, no adequate civilization."

One manifestation of this naïve claim of racial superiority has been the attempt to arrange the Negroids, Mongoloids, and Caucasoids in a series that would show which race has developed furthest from ape characteristics. The facial angle, which is made by two lines drawn from the base of the nose to the orifice of the ear and to the front of the skull shows the following order of magnitude: ANMC.<sup>1</sup> The hair form of the ape is straight, while the Negro who has kinky hair is farthest removed, the order being AMCN. If we consider the amount of hair on the body, we find the arrangement is ACMN. The lips of the Negro are red and full; those of the whites are pale and thin, like the lips of the apes.

Much significance has been attached to the relation of the size of the cranium to racial superiority. The apes have small craniums, and in this respect the Negroes are closest. White people have larger craniums, and the yellow man has the largest. The brain size of Neanderthal man, who lived during the Paleolithic or Old Stone Age at least 25,000 years ago, is about 1500 cubic centimeters. This is of the general size of that of modern man. The Eskimos are reported to have slightly larger heads than the whites. It would indeed be farcical and naïve to make college entrance dependent upon the size of the cranium. The foregoing examples indicate that there is no single-line arrangement of features of human races with reference to the degree of resemblance to the anthropoids. Even if there were such an arrangement, it would still have to be proved that such a relationship explains racial superiority.

Certain diseases, such as smallpox, malaria, the venereal diseases, and cancer have been studied from the point of view of the degree of incidence among the major races. There may be racial differences in susceptibility toward diseases, though the facts also show that differences in climate, sanitation, and other environmental influences play a part. It appears that no racial group has a monopoly of good or bad hereditary qualities. "Such differences of behavior and character as seem to exist between racial groups are due principally to the inequalities in the opportunities for social and economic betterment which have been afforded them —

<sup>1</sup> A stands for higher apes; N for Negroids, M for Mongoloids; and C for Caucasoids.

not to unalterable innate or hereditary differences. . . . The existence of any race at the present time is proof of the fact that it possesses a majority of desirable characters otherwise that race could not have survived."<sup>1</sup>

The most direct way by which racial superiority has been studied is by attempted measurements of innate mental capacity. The mental tests which psychologists have administered to members of the different races suffer from the fact that it is not known exactly what inherent mental capacity is. Thus, all mental tests are really achievement tests. In fact, it is worth noting "that it turns out in nearly every case that the people who come off best in the tests belong to the same racial group as that represented by the makers of the test."<sup>2</sup> The lack of uniformity in the cultural background of individuals, therefore, makes the results of these mental tests difficult to compare. The most definite statement that can be made at the present is that the modern movement for testing intelligence and ability has demonstrated that if we take at random a large enough sample of the people in any race, there are some who are high, some who are low, and the huge majority of people are average in intelligence.

In the Army tests administered to the soldiers during the first World War, it was found that Negroes from northern cities did better on the tests as a group than did whites from the rural areas of the South. Other test results show that the Chinese and Japanese score high on our tests as compared with American Indians. In all probability these results reflect variations in opportunity, the mental set while taking the tests, and other cultural features.

"In discussing the important question of racial differences, men are wont to forget the vital fact that structure is inherited, but behavior is not."<sup>3</sup> Individuals definitely differ in their inherited capacities; but the social and economic opportunities a person has are also important in the final determination as to who will be the musician, mathematician, or successful businessman. Faris tells of the Janizaries who were Christian boys reared by the Turks. These boys became fanatical Mohammedans and, "to make the

<sup>1</sup> "Should We Ignore Racial Differences?" reprinted from *Town Meeting*, bulletin of America's Town Meeting of the Air, 5: 6, Columbia University Press, New York. Speakers, Earnest A. Hooton, M. F. Ashley-Montagu, Kirtley F. Mather.

<sup>2</sup> Robert Redfield, "The Social Implications of Race," unpublished manuscript.

<sup>3</sup> Wm. F. Ogburn and M. F. Nimkoff, *op. cit.*, p. 100.

irony complete, were used as guards and troops against the Christians."<sup>1</sup> As a group, the Eskimos cannot count beyond ten, nor have they the need to do so; but some Eskimos have learned calculus as a result of association with teachers of the subject. It is customary to hear English spoken in our part of the world, but what is customary should not be regarded as natural. Any group of people can learn to speak any language. The variability of sounds which most of us can make during infancy is capable of being conditioned to any number of languages or to a rigid dialect of any one language.

Man's superior mental capacities are the reason why man enjoys a more complex life than is possessed by lower animals. The attempt, though, to project this comparison to various groups or races of men — that is, to use the idea of biological evolution, is untenable. It is highly probable that since the species *homo sapiens* evolved, no appreciable biological changes have occurred in man. The differences in the levels of cultural attainments of various groups of men are to be explained culturally, and not biologically in terms of racial differences. "Civilization is, therefore, a matter of tradition; it is a culture heritage; it is transmitted by means of contact, sometimes formally in schools, at times informally by means of apprenticeships of family contacts. But transmitted it is; it is not inherited and seems to be quite independent of the biological differences that divide races."<sup>2</sup> Yet, external racial features have been used as convenient pegs upon which to hang all kinds of imagined internal differences: moral, mental, and emotional. Racial differences do not make for social problems. Instead, the social consequences are the result of what people think about the biological facts.

**Racial Prejudice.** Even if it were proved that the major races of the world are merely abstractions, or that races, though real, were created equal in every respect, it is important to remember that the vital fact is what men call "races" when they show racial prejudice. "When one views the recent and present relations between races in different parts of the world he must necessarily be impressed by the magnitude, the tenacity, and the apparent spontaneity of racial prejudice."<sup>3</sup>

<sup>1</sup> Ellsworth Faris, *op. cit.*, p. 334.

<sup>2</sup> *Ibid.*, p. 337.

<sup>3</sup> Herbert Blumer, "The Nature of Race Prejudice," *Social Process in Hawaii*, University of Hawaii, Hawaii, June, 1939, p. 11.

Thus, most people regard racial prejudice as inevitable, as arising from some simple inherited tendency, such as an aversion of race to race which is bound to express itself and to dominate race relations. Yet the thesis that racial prejudice is a product of inborn attitudes has been completely repudiated by sociologists. The actual facts of race relations indicate that race relations are variable. Frequently, "racial prejudice may not appear in racial contacts; if present, it may disappear; or, although present, it may not dominate the relations. Instead of thinking of racial prejudice as . . . (a) . . . simple matter it must be viewed as a highly variable and complex phenomenon. . . . There are many instances where members of divergent races may associate in the most amiable and free fashion, intermarrying and erecting no ethnic barriers between them. In other instances there may prevail rigid racial exclusion, supported by intense attitudes of discrimination."<sup>1</sup>

In America we know of the southern white prejudice toward the Negro, but the intensity of prejudice of the South African white toward his colored neighbors is greater. Practically all groups of the most recent immigrants to America have been the object of prejudice on the part of already settled immigrants or their offspring. Faris recounts the story of the arrival of Bohemian farmers in Texas who were regarded as inhuman for "they worked their women in the fields, they went without shoes, and it was commonly believed that they lived in their houses like animals, devoid of the normal human comforts."<sup>2</sup>

In the 1880's the issue of excluding the Chinese became a national one, though the first Chinese were welcomed and thought interesting. The Turks are hated by millions of Americans who have never seen a Turk. At one time the physical differences between the Normans and the Saxons in England were accompanied by strong prejudices, though today such prejudices have disappeared. These examples serve to indicate the variability of race prejudice, and the fact that its presence is a product of certain kinds of experiences and situations.

Race prejudice always exists as a group prejudice directed against another group. This means two important things. In the first place, race prejudice is held in common by a number of people who stimulate and reenforce the attitudes of one another. This is accom-

<sup>1</sup> *Ibid.*, p. 11.

<sup>2</sup> Ellsworth Faris, *op. cit.*, p. 319.

plished in diverse ways, such as through the observation of one another's actions and feelings, through conversation or writing in which stories and myths are circulated so that all of these items come to be collectively shared. In the second place, race prejudice emerges only when individuals become "socially visible" so that they can be classified as belonging to the group which is the object of prejudice.

For example, we may speak of prejudice against the Jew, Catholic, the Negro, or the Oriental; in these cases, each stands respectively for certain large classifications or categories in which we mentally arrange people. Thus, the development of race prejudice is never based on an individual as such, but on the processes by which a group become conscious of the fact that a person or persons belong to, represent, or are included in a conceptualized group.

An interesting, though facetious, example of the way that visibility of racial differences makes for racial problems is to be noted in the case of shinbones. Anthropologists use the shape of the outline of the shinbone — a biological trait — to classify races. "But this trait has no social implications. No prejudice exists against races with flattened shinbones, because no one can see if they are flat or not. The biological traits that matter for human affairs are those which are readily seen."<sup>1</sup>

Racial prejudice can be directed toward a particular individual only by identifying that individual with a group, and then by projecting towards him the attitude already formed toward that group. Thus, if a person can be identified as a Negro, the attitude that one has towards the Negroes can be directed toward the individual. If a Negro can disguise himself so that he cannot be recognized as a Negro, he may escape the prejudicial attitude which is held toward the Negroes. Though the Nazis are certain that they are a separate race, and a "superior" one at that, this superiority cannot be depended upon to identify Jews or Poles without compelling them to wear colored armbands.

This is the point at which race and racial differences throw some light on the problem of racial prejudice. Such an observable, external racial trait as skin color, which is easy to identify and difficult to disguise, serves as a ready-made way of calling forth prejudices already established. Racial traits, such as color, hair form, and

<sup>1</sup> Robert Redfield, *op. cit.*

facial features serve usually to reawaken and to stimulate prejudices which may have been caused by cultural factors and at times far removed from the experiences of any person now alive. In fact, prejudices may be called forth by such social factors as language, religion, differences in food habits, dress, or moral codes which make individuals socially visible and prevent us from including them when the word "we" is used.

Among the isolated farming people in the midwest highlands of Guatemala, "the difference between an Indian and a man who is not an Indian is a difference of customs and manners almost exclusively. If an Indian assumes the customs and manners of the dominant European group, then he is no longer an Indian. In that little part of the world little attention is paid to the color of a man's skin or the shape of his face. Among these simple farmers it makes almost no difference, in inviting a guest or arranging a marriage, whether the skin of the individuals involved is dark or light. His customs and his manners matter."<sup>1</sup>

Americans generally do not have a prejudice towards redheads or blue-eyed persons because there has never developed in our culture any mental grouping of these types. On the other hand, an existing prejudice may serve as a rigid framework inside of which people are viewed. The American gentile "will ordinarily have a concept of the Jew which takes no recognition of the keen conceptual differentiations that the Jews are liable to make among themselves, such as between Spanish Jews, German Jews, Russian Jews, or Polish Jews."<sup>2</sup>

Though the chief feeling or emotion involved is one of dislike, hatred, or aversion, actually racial prejudice is not so simple. Instead, it is made up of a variety of feelings and impulses of differing combinations and intensities in different situations. "Hatred, dislike, resentment, distrust, envy, fear, feelings of obligation, possessive impulses, guilt — these are some of the feelings and impulses which may enter into racial prejudice. . . . Some of these feelings and impulses may be vivid and easily identified; others are obscure; and still others may be present without their presence being realized. . . . The impulses and feelings that come to be embodied in a given instance of racial prejudice have been induced and shaped by past and present experiences."<sup>3</sup> Racial prejudice is often a

<sup>1</sup> Robert Redfield, *op. cit.*

<sup>2</sup> Herbert Blumer, *op. cit.*, p. 13.

<sup>3</sup> *Ibid.*, pp. 14-15.



means for the release of various feelings which may be the result of experiences which have no relation to the group towards whom prejudice is shown.

The tendency of people to consider themselves and their way of life as superior to other people with different ways is not the decisive factor in racial prejudice. The nature of the social situation in which racial prejudice is usually most acute, serious, and pronounced displays the following characteristics: First, the two groups, racial, ethnic, or economic, must live together. These two groups must be related in a superior-subordinate manner, in which the subordinate group is accepted to some extent by the dominant group. The association of the two groups may be one in which one group has come to accept, or has become accommodated to its subordinate role; or an association which is impersonal and unintentional, and represents merely an economic interdependence between the groups. Second, the subordinate group is limited in its privileges and opportunities in society. The members of the subordinate group are the objects of various kinds of exclusion and discrimination; they are assigned to an inferior status and are expected to keep their place. These necessary conditions for the emergence of prejudice call forth prejudice only when the dominant group fears that the subordinate group is not keeping to its place, but threatens to claim the privileges of the dominant group. It is this *felt* threat to the status, security, and welfare of the dominant group which is most important in prejudice. Thus, the Negroes in northern cities are the object of more intense racial prejudice than are those in rural areas in the South. Usually in the former area, especially in times of economic stress, the Negroes are sensed by the whites as getting out of their place and threatening the position held by the whites. If the threat is felt to be great, the prejudice which will be shown will also be great. The extent of the threat is influenced by the size of the subordinate ethnic group, its militancy, its clannishness, and the extent of its claims (real or imaginary).

The disappearance or control of racial prejudice, therefore, depends on the condition that the subordinate group be no longer considered a threat. This may be brought about in a number of ways. There is the hope that the extension of knowledge of the meaning of race, the nature of culture, and the causes of cultural

change will reduce racial problems. However, man's ability to rationalize his conduct stamps this avenue as discouraging. In caste societies, like India of years ago, the subordinate group might accept its assigned role and thus relieve the pressure. But this method gives no assurance that if other conditions bring insecurity to the dominant group, the subordinate group will not be used as a scapegoat. The subordinate group might attempt to segregate itself so as to reduce its contacts with the dominant group, but this adjustment also appears to be a temporary stopgap under conditions of modern transportation and communication.

The most successful manner, and also the most difficult, by which the subordinate group can hope to dissolve prejudicial attitudes is to change the very way in which it is conceived by the dominant group, so that the subordinate group is no longer felt to be a threat. If a person cannot be labeled with the mental "tags" already existing towards a particular group, he cannot be a good object of prejudice. Groups which are the object of prejudice must try to change the idea which people of other groups have of them. Consequently, the most fruitful way to dissolve racial prejudice is to get individuals and groups to appreciate their common human character. This means that opportunities must be provided for people to enter into intimate contact, and to come to identify themselves with one another by learning one another's personal experiences.

**Minority Groups in American Culture.** In America, diversity along cultural lines has been more important than distinctions based on racial differences, though the two have been related to a degree. Different cultural practices in various parts of the country, and even in the same locality, can be explained in part by ancestral heritage or by physical isolation or segregation. Sometimes poverty helps to reenforce cultural differences, as among the poor white and Negro families in the cotton and tobacco belt. Language may also act as a cultural barrier as among the Swedish, German, and Czech communities in our Northwest. Religion has been instrumental in the cultural isolation of the Mormons, as have the conditions of migratory labor which are characteristic of the Mexicans in the Southwest. Yet, under the impact of mass production, distribution, and modern means of communication, cultural diversity is beginning to diminish. On the other hand the differences in oppor-

tunities related to economic status, occupation, and education are becoming more pronounced. Race plays a role in cultural diversity only when it becomes associated with these social facts; and at times, racial conflict may be translated into conflict between different economic, occupational, regional, or religious groups. If conditions favor the persistence of racial distinctions, the elements of conflict may even be intensified. Thus, the adjustment of minority groups to our culture may become an extremely complicated affair involving racial traits, and historical, economic, and psychological factors.

The way of life among many of our rural groups is very similar to that which existed in an earlier historical epoch. Though city ways and industrial processes have had some influence, the change of life conditions has been fairly gradual in rural America. In our Northwest, the immigrant groups and the older native stocks have adjusted themselves to established American institutions with little strain because the tasks of pioneer life and the wide open spaces make assimilation relatively easy. Of course, complete cultural participation has not always taken place in the rural Northwest. In the early stages of contact with new and different cultural groups, the tendency toward mixed marriages was slight, but in later generations intermarriage proceeded fairly rapidly. Even today there are social barriers in terms of language differences, indifference, and prejudice.

In our Southwest, the culture of Spanish-American settlers followed much the same career as that of farmers who came from northwestern Europe to settle in our northwestern states. During recent decades, however, the agricultural migratory workers from Mexico have brought new problems. These migrants of Spanish-speaking ancestry have entered the United States especially since 1900 to take part in the increased activity in agriculture and industry. Undoubtedly the development of railway travel and the civil strife in Mexico were important factors in their mass migration. Upon their arrival in the United States most Mexicans took unskilled jobs, and to this day they are concentrated in such jobs. They are day laborers and tenants in the southwestern states, and make up section gangs on western railroads. They are on the beet farms in Colorado, and the fruit groves in California. They are "muckers" in the western mines, and the laborers in the industrial

mills of some of our large middle-west cities. The typical Mexican laborer is still the migratory worker who picks cotton and melons, cuts lettuce, pulls onions, ties spinach and carrots, and thins sugar beets. With the change in the growing seasons he roams the states of the Southwest, staying in one place as long as there is work to be had. This nomad type of life has brought serious problems of proper housing and educational facilities. Sometimes these conditions are aggravated by economic competition and racial prejudice.

Another group which has been relatively isolated because of cultural conditions are the Mormons. Located since the 1840's in the Great Basin area centering in Utah, their cultural group manifests a strong similarity to the colonial New England society. Their emphasis is on religion, education, and moral discipline. Until recently primarily an agricultural people, the Mormons live in villages rather than on isolated farms, where the characteristic features are a sectarian ideology and marked solidarity.

In the Southeast, cultural distance among white groups is largely a product of physical distance and poverty. The sharecropper, tenant, or small farmer finds his cultural life greatly tinged by the historical economy of cotton cultivation. Soil erosion, dilapidated homes, and lowered prices of cotton have reduced these people to a low standard of living and have led them to a migratory life. They usually change residences once every three years, though they move about in a narrow circle between neighboring counties. As a result, education is often neglected, membership in community organizations is transitory, and their neighborhood status and credit are low. Their women and children work long hours in the fields, and their home hygiene and health practices are backward.

The culture of the southern highlanders in the Ozarks and Appalachians has also come into prominence in recent decades. Though these groups represent the survivals of a backwoods America, and probably the only genuinely indigenous American culture aside from the Indian, their contact with modern ways, as typified by the T.V.A. program, is rapidly changing their pattern of life. Coon hunting, folk songs, fiddling, play parties, handicrafts, and the leisurely ways of mountain life are giving way to depleted forests, soil erosion, and part-time employment in coal mines and industry.

In the cities, especially the large ones, cultural diversity is accompanied by more stress and strain than in the rural areas. One reason for this is the fact that most of the foreign-born people living in our big cities have come from rural peasant areas of south and southeastern Europe. The transition from a simple rural life to modern city living produces a cultural shock for many of the foreign-born. Though most immigrants take the lowest unskilled jobs in the city, and are subject to low living standards, there is a growing tendency for them and their offspring to rise in the economic scale. The greatest cultural diversity and segregation exist among the newest immigrant groups, but the virtual cessation of immigration and the influence of American institutions, such as the school, can be expected to lead toward cultural intermingling and assimilation.

The Chinese and especially the Japanese, though of different racial and cultural background, are not serious problems because they are relatively few in number. In some respects they come from a similar complex civilization. Their adaptability to American customs and to a variety of occupations tends to minimize, though not to eliminate, cultural and racial conflicts.

The problems of cultural diversity in urban society assume greater dimensions because of the nation's rural migrants. We have already discussed some of these problems in the chapter on Education, but the northward wave of Negro migration during the last quarter century is complicated by the persistence of racial differences. The cultural backwardness of the Negro peasant has also served to accord him a lower economic occupation involving rougher work, lower wages, and exclusion from union labor organizations. In practically every city the Negro is concentrated in one central district, where housing is poor and overcrowded, and rentals are relatively high.

At the present time, the Negroes are the most important numerical minority group in the United States. Though the Negroes are one of the most culturally isolated groups, the Negro adheres closely to the institutions established by the white men. In fact, the Negro population is by no means homogeneous biologically, economically, or culturally. Most of the Negroes are of African descent, and are common laborers in the South, but socially some Negroes have had the best educational opportunities. They hold

important positions, and in some instances they circulate among the white population without any difficulty. The important reason for the social differentiation among the Negroes is one of color. The mulattoes have been accorded opportunities which are generally denied to the dark Negro, though generally the mulattoes' professional or commercial status is confined to the Negro community. To some extent the best educated mulattoes have preferred to be associated with the whites, rather than with the illiterate Negro laboring group. Despite the similarity of tastes, dress, interests, and education to the dominant white group, the mulattoes have been generally excluded from close association with the whites. As a result, the mulattoes have developed a different body of beliefs and sentiments that keep them aloof from the mass of Negroes. In this fashion, they are a "marginal" racial group, occupying the upper class stratum in Negro society, but looking longingly for assimilation in the white culture. In recent years, however, led by W. E. B. Dubois, a small section of the mulattoes are co-operating with the Negroes to promote distinctive Negro institutions and customs. Nevertheless, many Negro intellectuals are still anxious to erase the social lines drawn between their group and the whites.

The history and development of Negro culture in America reveals the way in which economic and social — distinctly cultural — conditions influence the institutions and interests of group life. In this instance, cultural diversity is not caused, but is merely reenforced by differences in racial traits which make classifications of people possible, and as such serve to limit the opportunities of certain groups.

In our history, the existence of diverse cultural heritages has often been regarded as an evil to be eliminated. Towards this end, movements have been initiated to supplant the cultural life of minority groups with American ways. More recently, some scholars have claimed that this method serves only to aggravate personal and social conflict. Their attitude is that assimilation must take place though the process of natural, spontaneous association in which people of diverse cultural backgrounds are given the opportunity to share in common enterprises. Accordingly, there has been a waning enthusiasm for the melting-pot Americanization program and a demand to maintain cultural diversity.

The Indians represent an important experiment on the part of our Federal government to recognize and foster cultural autonomy. This program must be viewed in the light of the fact that the Indians are the wards of the Federal government, and by the fact that in so far as they are segregated in reservations they are the least Americanized or assimilated of all groups. As late as the 1870's our policy was one of exterminating the Indians. Following that period we sought to reconcile the Indian and white cultures by breaking down geographic and cultural boundaries. Today we are attempting to preserve and develop the traditional patterns of Indian life. To accomplish this, a geographic-economic base has been established for the Indian, the scourges of tuberculosis, trachoma, and other diseases have been wiped out, and his tribal life has been restored. Accompanying these efforts, we find that the Indians are growing in numbers at a more rapid rate than any other group of our population. In Alaska, where the Eskimos are dependent upon the reindeer for food and clothing, the United States government has turned over all the non-native-owned reindeer to the Eskimos. On the semi-arid stretches of the Navajo Reservation in Arizona, New Mexico, and Utah, the Indians have been taught proper methods of soil conservation. This has necessitated, among other things, that the Navajos give up their wild horses, which were economically unproductive and caused soil erosion. In view of the fact that the horse is a symbol of prestige to the Navajo, such a voluntary sacrifice indicates how the Navajos are learning to appreciate the intricacies involved in their economic rehabilitation.

The Federal government has encouraged the Indians to practice their old arts and crafts, such as clay-pottery making, basket weaving, rug weaving, and the making of silver ornaments. Many Indians are developing some remarkable abilities as businessmen, and the sale of inferior quality tourist knickknacks, which were represented as authentic Indian goods, is now giving way to the production of better Indian wares. One difficulty in this plan has been the tendency of young Indians, who have been educated in distant schools, to look with scorn upon their tribal life, and to cause factional splits between themselves and the elders. Much has been done also to encourage the practice of traditional Indian religion and ceremony. Festivals and dances as old as Indian memory itself are encouraged. Thus, our present policy toward

the Indians is to accept their different culture, and to provide opportunities for the interaction between their culture and the white culture.

There is great diversity in the cultural influences at work in American civilization. On one hand, the trend is toward the assimilation of historical, regional, and ethnic cultures; on the other hand, new lines of social conflict are appearing in the course of present economic changes, and in the differences in social and economic opportunities.

**The Marginal Man.** The actual operation of racial and cultural factors is best revealed in the emergence and career of the "marginal man."<sup>1</sup> Sociologists are agreed that it is more satisfactory to explain the conduct of mixed bloods, such as the Eurasians of India, and the mulattoes and half-breeds in the United States, in terms of a particular cultural setting than by reference to biological factors. That hereditary explanations are incorrect may be supported by the fact that immigrants or descendants of immigrants who are subjected to the influences of the new cultural group also belong to the marginal man type. The intellectual Jew is a familiar example because of his religious tradition whereby clannishness is treasured, while by choice and economic interests he may be a partial member in another cultural group. The boy or girl who has loyalties to two cultural groups which have opposing values, such as in the case of one's high-school friends and one's family, is a genuine marginal man.

Thus, the personality of the marginal man develops on the borderline of two traditions, each claiming his loyalty. The marginal man is a person who becomes identified with two cultural groups which are in some measure in opposition, and which have different positions in the social order. Such a person is not essentially a racial hybrid as much as he is a cultural hybrid. In a sense he belongs to both cultures — to one by birth, to the other by choice — and yet he is unable to feel at home in either one. The fate of the marginal man is both interesting and important, for he represents two cultures which "divide his soul."

<sup>1</sup> Robert E. Park has coined this concept. Its fullest treatment is available in Everett V. Stonequist's *The Marginal Man*, Scribner's, New York, 1937. See also R. E. Park, "Human Migration and the Marginal Man," *American Journal of Sociology*, XXXIII (May, 1928), 88-93; and E. V. Stonequist, "The Problem of the Marginal Man," *American Journal of Sociology*, XI: 1-12, July, 1935.



In this cultural no man's land the marginal man becomes a form of conflict to himself. He represents the struggles of both cultures in miniature form. This conflict is relatively unimportant unless it has an effect on the way he conceives of himself. It is his sensing of the "clash" which usually makes him highly imaginative, for problems stimulate thinking. When one cannot direct his conduct by the light of established group codes, rules, or formulas, he is made to fall back on himself to work out his own destiny. Life becomes a problem-solving affair, with its hazards and uncertainties. Another characteristic of the marginal man is his isolation. Because he does not, and usually cannot gain acceptance in the culture which enjoys prestige in his eyes, because he does not want to identify himself with the culture he regards as "lower," he feels that he has no status. He is disappointed with himself; instability characterizes his emotional life; and he is in a state of continuous tension. His behavior is random, meaningless, purely expressive. The marginal man is a sensitive and introspective person, who is usually given over to moods, brooding, and feelings of insecurity. His conduct and personality are of a makeshift character.

In this state the marginal man can make either one of two adjustments. The fact that he makes an adjustment does not mean that he solves his problem to his complete satisfaction, because any adjustment has its roots in the fact that the higher culture never fully accepts him as a member. He can (1) identify himself with one or the other culture, or he may (2) detach himself from the agonizing situation. In the first type of adjustment, the marginal man may identify himself with the culture which rejects him (in his imagination only) and come to hate the other group which he feels is responsible for his difficulty. This is a rare type of adjustment, and is illustrated in most instances by the mulatto who is not quite light enough to circulate as a member of the white group. The more frequent type of adjustment is for the marginal man to overchampion the lower culture to which he belongs by birth ties, and which is anxious to accept him. In this situation, the marginal man becomes militant and cause-espousing. His fight on behalf of the rights of his group serves to give him security, in that any rise in prestige for his group will bring personal prestige as well.

The marginal men whose adjustment is characterized by flight

from the situation choose from three subtypes of adjustments. Some develop a life of mysticism, and in the development of an imaginary world they remove at the same time the obligation of dealing with the actual world. Others merely detach themselves from the situation by ceasing to concern themselves about it. These marginal men manipulate the conflict between the two cultural groups to their private advantage, as in the case of some Negroes who continue to live among other Negroes (out of necessity) and use the latent racial prejudice toward the whites to capture the patronage of Negroes for their economic gain. Finally, there are marginal men who seek to assert themselves above the cultural groups. These are the "I am 'I'" type, who are bitter in their denouncement of both cultural groups.

In these situations, the marginal man sometimes introduces new patterns of conduct which others may imitate. Thus new cultural patterns arise. It has been shown, without resorting to biological factors as such, how the career of the marginal man reveals the process by which cultures change and personalities are modified.

**Racism and Nationality.** In the past two decades, there have been attempts to revive the creed of "racism." Ever since Count de Gobineau's *Essay on the Inequality of the Human Races* (1854), many writers have tried to prove that their nation and nationals constituted the "superior race." At the close of the nineteenth century this belief took the form of the Nordic Complex, and was used to unify and expand the nation. In England, Rudyard Kipling spoke of the "white man's burden," and the slogan was taken up by Maurice Barres for France, and by Houston S. Chamberlain for Germany. Even America was infected with the "germ" at the very time we had settled our "last frontier." Following the lead of the historian, John W. Burgess, philosophers, military men, and politicians were clamoring for a "larger nation" — an empire — so that the benefits of our Nordic civilization could be spread among the backward peoples of the world — even if they didn't appear anxious to receive these blessings.

Today, Germany has revived the myth of "racism" through the Nazi doctrine and propaganda. Hitler's program of the "pure Aryan race" has been identified with the "German nation," and has been used as a political weapon to suppress certain groups in Germany and to expand Germany's boundary line. The revival

of fervent Italian nationalism has also utilized the dogma of racism. In the summer of 1938, Mussolini proclaimed the Italians to be members of the "superior race."

### TERMS TO BE UNDERSTOOD

race	prognathism
culture	physical traits
effective environment	social visibility
mutation	cultural diversity
natural selection	melting-pot
race mixture	marginal man
identical twins	racism
Aryan	caste

### QUESTIONS FOR DISCUSSION

1. Does man's natural habitat determine or condition his culture? How?
2. Does individual human inheritance have any influence upon social life?
3. How would you assess the importance of the biological factor, and the natural environment in molding the differences among cultural groups?
4. Compare social factors with hereditary factors in explaining the changing role of women in history.
5. What role do mutation, selection, interbreeding, and environmental forces play in the division of races?
6. What is the nature of the claims which the Nazis make of Aryan racial superiority? How do you evaluate these claims?
7. A young white girl has a violent prejudice towards Negroes. How would you prove to her that her attitude is not innate or inborn?
8. Under what conditions does race prejudice arise and decline?
9. What are the different ways in which the human race may be classified into races? What is the basis and value of such classification?
10. Discuss the statement: "There are no pure races."
11. Show how our attitude toward (a) the Negro and (b) the Indian has changed since 1870 or so. To what do you attribute this change?
12. In what respects do we in the United States live up to the principle that "All men are created equal?" In what respects do we depart from this principle?
13. What is the value of analyzing the career of the marginal man to the topic of race and culture?

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## AMERICANIZATION

**The Meaning of Americanization.** The word "Americanization" has been used for years without a clear analysis of its meaning or implications. There is general agreement that Americanization involves the social adjustment of the immigrant to the American environment. It is a process by which immigrants in these United States come to participate in the life of the nation. In a broad sense, however, it includes not merely the immigrants, but also the second generation reared in a cultural environment different from that of the parents and, further, the old Americans whose attitude is often one of intolerance and prejudice toward the foreign-born and their children. Americanization involves not only the newcomer but native Americans as well and is reciprocal in character.

The term "Americanization" did not come into general use until about the first World War. The heterogeneous character of our American population became more evident. There was an intensification and a heightening of group consciousness. The first World War revealed that many immigrants were voicing the beliefs and aspirations of their kin in Europe. Reservists were called back by many countries and thousands returned to the land of their birth. There were intrigues and plots on the part of hyphenated groups. On the other hand, fine loyalties and a deep sense of patriotism were evident on the part of most of the newcomers. The war lasted long enough to make Americans deeply conscious of their peculiar problem of nationalities. During the war period, a beginning was made in Americanization programs which were continued in the postwar period.

Since the advent of the dictators, there is again danger of division among the foreign-born, some allying themselves with the antidemocratic theories of the rulers of the country of their birth. The outbreak of war in 1939 saw an intensification of racial feel-

ing. Totalitarian states made definite attempts to reach into every layer of society and win advocates for their ideologies through techniques designed to appeal to the particular interest of each group. The fifth column here as in every country should not be underestimated. These subversive groups composed of both American citizens and aliens threaten the unity of American life and the basic concepts of American thought. The question of Americanization again looms as an important problem though not of the same character as in previous years.

**Immigration Policies.** The United States is, to be sure, a country of immigrants. All of our people, unless they can lay claim to Indian descent, have come from foreign lands or are descended from those who did. Our population has been fed steadily by immigrant streams. The colonial population was basically Anglo-Saxon, yet there were important non-English elements. There were the Dutch, the French, the Germans, Swedes, Danes, Finns, a Jewish colony at Newport, Huguenots in the larger cities. In 1700, New York was perhaps more cosmopolitan in its population than any European city of that time. This country has received a large number of immigrants from earliest days. It received thirty million in the nineteenth century. They came from every section of the world and from all walks of life. There were many reasons for this constant influx of immigrants: dissatisfaction with conditions at home; religious persecution; ideals of freedom and liberty; desire to be free from tyrannical oppression. There were economic factors, too, and the lure of opportunities in a new country. Most of these reasons have encouraged immigration throughout the history of the United States and are even now the motivating cause for many who seek these shores.

Men, to be sure, do not easily leave the land of their birth and break family ties and life associations, but the tide of immigration to the United States has been a continuous one, diminished chiefly through the restrictive legislation of recent years. Our policy since colonial days has been one which encouraged immigration, offered inducement to immigrants, and made this land a haven for the poor and oppressed. Washington, in his Thanksgiving Day Proclamation of 1795, hoped that his country would be a safe and propitious sanctuary for the unfortunate of other countries and Jefferson in his presidential message of 1801 said:

"Shall we refuse the unhappy fugitives from distress that hospitality, which the savages of the wilderness extended to our forefathers immigrating in this land? Shall the oppressed humanity find no asylum in this globe?"

By 1830 there was some manifestation of nativist spirit and evidence of sentiment against immigration in the North due to laborers who feared competition and also Protestant antagonism to Catholic immigration. In 1850 nativism flamed up anew in the Know Nothing party, due largely to heavy immigration from Ireland and Germany. No legislation, however, was passed restricting immigration. During the Civil War laws were enacted to encourage immigration both to farms and cities, so that the newcomers might take the place of men who had joined the army. Then again antialien agitation appeared as the American Protective Association and the Ku Klux Klan reared their ugly heads against the newcomers.

Despite some sentiment against immigration, the gates of the United States stood open from the beginning of American history until the first World War and the American people for the most part offered a generous welcome to those who came to our shores.<sup>1</sup>

#### IMMIGRATION TO THE UNITED STATES, 1820-1930

<i>Period</i>	<i>Total Number of Immigrants</i>
1820-30	151,824
1831-40	599,125
1841-50	1,713,251
1851-60	2,598,214
1861-70	2,314,824
1871-80	2,812,191
1881-90	5,246,613
1891-1900	3,687,564
1901-10	8,795,386
1911-20	5,735,811
1921-30	4,107,209
Total	37,762,012

Up to 1890 the majority of the immigrants were from Great Britain, Ireland, Germany, and the Scandinavian countries, those of the so-called old strain. Then the immigration from southern and eastern Europe began to exceed that from northern and western Europe. Since the year 1910 the proportion from Europe has declined and the Canadian and Mexican immigration has in-

<sup>1</sup> *Annual Report of the Commissioner General of Immigration*, 1930, p. 200.

creased. The nativists, however, have continued for many years to demand restrictive legislation and eventually succeeded in closing the doors to the immigrants almost completely. The first national legislation came in 1882 when the Chinese Exclusion Act was passed. Shortly thereafter other restrictions were passed by which all paupers, physically unfit, and laborers under contract to employers were excluded. Organized labor was influential in bringing about the enactment of this last provision and continued to advocate restrictive legislation. In 1917 a literacy test was enacted over the veto of three successive presidents, who regarded it as an ineffective test and a penalizing of unfortunate men and women whose government had not given them an opportunity of even a minimum education. Then a new policy appeared designed to limit immigration drastically. No longer were personal defects taken as a basis but a "quota" system was adopted which permitted only a given number to enter from any country. This enactment is known as the "National Origins Law" under which immigrants, if qualified in other respects, are admitted on the basis of the quota assigned to their country of origin.

The present law came into effect July 1, 1929. It excludes Asiatics from permanent residence. Immigrants from the Americas are admitted without restriction if they meet the general requirements. Immigrants from the European countries are limited to a fixed number, approximately 154,000 per year. They are allotted to different countries in the proportion in which the various countries contributed to the white population of the United States in 1920. The largest quotas therefore go to Great Britain and Northern Ireland, about 65,700; Germany, 26,000; the Irish Free State, 18,000; Poland, 6,500; Italy, 5,800; Sweden, 3,300. No quota is less than 100. The national origins system has reduced the number of immigrants so much that European immigration is no longer a problem. In fact until the outbreak of war the number leaving the country exceeded those entering on a permanent visa. Nor has the entire quota in any given year been exhausted.<sup>1</sup> No one may enter unless he obtains permission from an American consul and secures the highly prized consular visa. The policy of

<sup>1</sup> Carl Wittke, *We Who Built America*, pp. 517, 518. The total number of immigrants arriving from 1931 to 1938 was 277,538. The number of foreigners for the same years who left the United States permanently was 249,744.



this country has changed considerably since the days when the Statue of Liberty was erected within our shores.<sup>1</sup>

**Contributions of the Immigrants.** An attempt to describe the contribution of the immigrants and their children to this country, if successful, would be a portrayal of the progress of America. Every group has brought its gifts of brawn, skill, and culture with which they have enriched the land of their adoption. The early settlers suffered and struggled to maintain themselves. They built up the land and made it fruitful for their descendants. Every succeeding wave of immigrants has done the difficult work, the "black work," the least desirable tasks. Through hard labor, thrift, and industry, this country has been built up from coast to coast. State after state enacted legislation to encourage immigration to its borders. States and industries sent their agents abroad to stimulate immigration and vied with one another by inducements of land and work. Steamships and railroad companies were particularly interested in increased immigration. The newcomers were lured by false promises, exploited, and cheated, blamed for many evils, hated by others who were fortunate in having come sooner to these shores. They endured and suffered but most of them and their children lived to call the land blessed.

The immigrant peoples must be given considerable credit for tilling the land. The Germans, the Scandinavians, the Bohemians, the Japanese, the Dutch, the Danes, the Swiss, the Poles have been excellent farmers. They have done much to develop dairying, livestock raising. They have made great contributions in the mechanical and technical fields. The newcomers who came later, the Russians, the Slavs, the Italians, built our railways, subways, tunnels, sewers, highways. They have made available our natural resources, mined our coal, iron, and copper. They work in our steel mills and factories. They have been and many still are the "hewers of wood and drawers of water."

The foreign-born and their children have exerted considerable

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<sup>1</sup> Poem of Emma Lazarus, inscribed on the base of the Statue of Liberty, reads

"Keep ancient lands, your storied pomp!" cries she,  
With silent lips. "Give me your tired, your poor,  
Your huddled masses yearning to breathe free,  
The wretched refuse of your teeming shore,  
Send these, the homeless, the tempest-tost to me!  
I lift my lamp beside the golden door."

influence in science and industry. America is far richer in the field of education, art, and music because the immigrants reached these shores. They have played an important role in the social progress of this country through the sweat and toil of the masses and the genius of their gifted sons. In music and art their names are legion; to mention a few, Saint-Gaudens, the sculptor, was born in Ireland of a French father and Irish mother. Damrosch of the New York Symphony was born in Silesia. Leopold Stokowski is of Polish origin; Victor Herbert, Irish; Sigmund Romberg, Hungarian; George Gershwin and Irving Berlin, Jewish. Thorsten Veblen, the economist, was the son of Norwegian immigrants. The stage, the opera, the concert hall, the symphony orchestra, the conservatories, all owe a great debt to the foreign-born and their children.

In the professions, Alexis Carrel, a Frenchman, won the Nobel prize for suturing blood vessels; Louis D. Brandeis, Felix Frankfurter, the jurists, Albert A. Michaelson, the physicist, are Jews. Jacob Riis, author and social reformer, was a Dane; Louis Agassiz, geologist, was Swiss. In industry, Andrew Carnegie, who came from Scotland, built up the huge steel factories. William S. Knudsen, born in Denmark, has made his contribution to the automobile industry and is now the head of the Office of Production Management, the directing force of the defense program. Alexander Graham Bell, inventor of the telephone, was born in Scotland; Charles P. Steinmetz, a German, despite physical handicaps was one of the greatest electrical engineers. Victor Bendix, born of Swedish parents, made possible the self-starter for automobiles through the invention of the Bendix spring. Foreign-born and sons of foreign-born have played an important role in politics. Carl Schurz, a "forty-eighter" from Germany, served in the cabinet of President Hayes. Magnus Johnson was born in Sweden and represented Minnesota in the Senate of the United States. Fiorella H. La Guardia, of Italian parentage, mayor of New York, has admirers throughout the land. Anton Cermak, an immigrant from Czechoslovakia, became mayor of Chicago. Now again men driven from their native shores seek our land and bring us their great gifts: Albert Einstein, Thomas Mann, Franz Werfel, and many others.

American history is replete with the varied contributions of every nationality. In 1918, at a time of international crisis, repre-

sentatives of thirty-three immigrant groups made a pilgrimage to Washington's tomb and rededicated themselves to their adopted fatherland. They have participated in every important phase of American life. "Sing Lee, a New York Chinaman, won the Distinguished Service Cross in the [first] World War; and the famous 'Lost Battalion' which Lieutenant Colonel Whittlesey led in the Argonne Forest was largely recruited from Yiddish pushcart men, sewing-machine operators, and buttonhole workers from the Lower East Side of New York. . . . The City Council of Cleveland in 1929 contained four members of native stock, two Irish, six Germans, three Negroes, two Jugoslavs, two Poles, two Jews, one Hungarian, one Bohemian, and one Italian."<sup>1</sup> Not only political bodies, but industry, business, cultural organizations, and American sport bear testimony to the successful participation of many nationalities. One factory in Chicago employed workers of twenty-four nationalities in a force of 4200 men. "The line-up of college football teams reads like the roll call of the League of Nations, and it has not been many years ago that the final play in a World Series baseball game was made when a Serbian threw wild in an effort to deceive an Italian, thus permitting a native American from the Kentucky hill country to trot across the plate with the winning run."<sup>2</sup>

**Naturalization Process.** Americanization involves both the legal and cultural process of transforming the alien into an American. The legal process by which the alien becomes a citizen in the eyes of the law is known as "naturalization." The procedure is prescribed by Congress and administered by the Immigration and Naturalization Service now in the Department of Justice. Every person living in the United States is either a citizen or an alien. In this country the alien has almost the same rights as a citizen. He must obey the laws but he is also entitled to "the equal protection of the laws."<sup>3</sup> Usually he is free to find employment as does any citizen. Many other countries before the present war did not permit foreigners to obtain employment. He may send his children to public schools and in most states own property. There are, however, certain disabilities in some states. The

<sup>1</sup> Carl Wittke, *We Who Built America*, pp. xii, xiii.

<sup>2</sup> *Ibid.*, p. xiv.

<sup>3</sup> United States Constitution, Article XIV, Sec. 1.

courts have ruled that a state may deny the alien the right to buy land, the right to practice law, to be employed on public works. Pensions to the workers, to the aged, are granted only to those who can prove citizenship. An alien does not have the privilege of voting or holding public office.

The naturalization procedure involves the filing of three papers: the declaration of intention, certificate of arrival, and the petition for naturalization. There are also two hearings, the first by the naturalization examiner and the second by the judge in an open court after which the petitioner is given his certificate of naturalization.

The declaration of intention, or so-called first papers, is a sworn statement that it is the intention of the alien, in good faith, to become a citizen of the United States and to reside permanently therein. He vows that he will renounce forever all foreign allegiance and fidelity, particularly to the sovereignty of which he is now a citizen or subject. An alien may make this declaration as soon as he arrives but he must be at least eighteen years of age and must have been lawfully admitted to the United States for permanent residence, and a certificate showing such admission must have been issued. The second step is an application to file a petition for naturalization. This petition cannot be filed unless the declaration of intention is at least two years and not more than seven years old, and the alien must have resided for at least five years in the United States and the last six months in the county in which he filed the petition. The alien must give certain information concerning himself, his family, and his employment. He must state whether he believes in the form of government of the United States, whether he is a believer in the practice of polygamy or anarchy, whether he can speak English, if he has ever been arrested, and he must give the names of two citizens who will serve as his witnesses.

A preliminary hearing is held to determine the qualifications of the applicant and his witnesses. This examination is thorough and includes a verification of the statements made in the petition. The examiner may make his recommendations to the judge as to the qualifications of the petitioner for citizenship. The final hearing takes place in court. The law provides that at least ninety days must elapse from the date of filing the petition. These hear-

ings are open to the public and are conducted in a dignified manner which should inspire those present with awe and reverence for an act which transforms an alien into a citizen with all the privileges which citizenship confers.

Before 1922, the marriage ceremony conferred upon the wife the citizenship of her husband. If a foreign-born woman married an American citizen, she became a citizen. If an American woman married an alien she became an alien although residing in the United States. Since the passage of the Cable Act, September 22, 1922, the marriage ceremony no longer confers the citizenship of the husband upon the wife. An American woman who marries a foreigner and continues to reside in the United States remains an American citizen. A foreigner who marries an American citizen does not acquire citizenship, but if she desires to become a citizen she is not required to file a declaration of intention and three years' continuous residence in the United States is sufficient instead of the customary five. Before 1922 the naturalization of the husband included the wife; since 1922 the wife must obtain her own citizenship papers, but again the declaration of intention is not required and only three years' residence are necessary. The Cable Act is not retroactive. All children under twenty-one living in the United States become citizens upon the naturalization of the father or, if the father is no longer living, the naturalization of the mother.

In 1930, of the foreign-born white population twenty-one years and over, 60.4 per cent were naturalized, 9.6 per cent had first papers. Some delay making application for naturalization because of loyalty to their mother country. Most aliens, however, in recent years are eager to be permitted to obtain American citizenship and take the initial steps at once. Some aliens have not become naturalized because many believed themselves to be citizens since previously in some states aliens who had first papers were able to vote. Many women do not become naturalized because they hesitate to appear in court and thus postpone undertaking the naturalization process. The proportion of foreign-born who have become naturalized is increasing constantly. In fact the naturalization bureaus now find themselves unable to cope with the large numbers of petitioners and as a result many must wait for a considerable period longer than the law requires before obtaining the coveted certificate of citizenship.

Recent legislation has proved an incentive by giving only citizens the right to receive certain governmental benefits. In 1940, Congress passed a law making it obligatory for every alien in the United States to register, answer many identifying questions, and be fingerprinted by December 26, 1940. Nearly five millions complied with this law. This recent alien legislation presents a new trend in laws affecting the foreigner, which many view with apprehension but which the devious methods of totalitarian states have made necessary. Quite apart from economic and social interests and specific alien legislation, most of those who have come to our shore have an awareness of the blessings and privileges that accrue to those fortunate to be residing in the United States and are eager to become American citizens in spirit and in law.

**Accommodation and Assimilation.** Every continuing group cherishes a set of social values, a tradition, history, language, and religion. These values may be called the "cultural heritage" of the group. Each group believes its standards, its culture, good. Each group tends to regard its own ways as refined and excellent. Ethnocentrism of peoples must be reckoned with, since society is a vast array of groups and individuals. There must be a constant adaptation. "Mankind is distinguished, in fact, from the animal world by being composed of persons of divergent types of varied tastes and functions. Civilization is the product of an association of widely different individuals and with the progress of civilization, the divergence in individual human types has been and must continue to be constantly multiplied."<sup>1</sup> In a world of differences, men must develop working arrangements to eliminate conflict without the complete destruction of the different. Accommodation is an adjustment by which the identity of the respective groups is not lost. It mitigates conflict between persons or groups and enables persons or groups widely separated by social distance to carry on activities and forestall undesirable assimilation. Accommodation rests upon mutual acceptance, real or apparent on the part of conflicting groups.

Assimilation refers to the manner by which two or more cultures are merged. It means the sharing and fusing of folkways and mores. It is a process by which persons and groups assume

<sup>1</sup> Robert E. Park and Ernest W. Burgess, *Introduction to the Science of Sociology*, University of Chicago Press, Chicago, 1924, p. 767.

the memories, sentiments, ideas, attitudes of other persons or groups, and by sharing their experiences become incorporated with them in the common cultural life of the nation. It is a reciprocal process resulting in a new combination of elements. The process of accommodation is largely conscious; in assimilation the individual and groups are usually quite unconscious of the fusion of ideas, attitudes, and habits that are taking place. There are forces which hasten assimilation; there are forces which retard it. Among the obstacles are those forces which stimulate the immigrant to look to the land of nativity rather than to America. On the other hand, there are forces helping assimilation, of which the school is perhaps the most important factor. Accommodation is relatively swift when contrasted with assimilation. The former generally refers to outward marks, whereas the latter involves the sentiments and attitudes.

**Theories of Americanization.** Naturalization makes an American citizen out of the alien in the eyes of the law. Some aliens strive to become real Americans as quickly as possible; others, even though they have become citizens legally, have not identified themselves with America in thought and feeling. Americanization has been defined as an adjustment to the American pattern of life. To be sure, not all are agreed as to the American pattern nor do all hold the same theory as to how the immigrant is to be transformed into an American; nor do they agree as to how much of his old cultural raiment should be discarded, how much he may retain, if any, and how much of the new he must assume.

*The Dominant Group Theory.* This theory holds that America is already populated with a fairly homogeneous type which in race and culture is predominantly Anglo-Saxon. All newcomers from foreign countries must divest themselves of their old character and their past traditions as soon as possible. They must accept completely the American customs and eradicate all ethnic distinctions. Under this theory American culture is not to be modified or influenced by the various types of culture of the different minority groups. The immigrants must forget the land of their birth and wipe out all recollections of its traditions. The newcomers must do all the changing and mold themselves into the form of the dominant group. This theory, as stated by its proponents, means a complete forgetfulness of all connections with

other countries because of descent or birth. It fails to recognize the positive terms of a loyalty to the new life, but emphasizes the negative attitude toward the past of the immigrant.

America is made up of many races. The composite American is English-Scotch-Irish-Spanish-Polish-Jewish-Italian-German-Russian-Scandinavian and many others. All of these are represented in substantial numbers. This dominant-group theory advocates a fixed type of culture as against a diversified culture enriched by the tradition of many peoples. It tends to break down loyalty to the immediate family and evokes a feeling of contempt for the language and customs of the old country. The children feel superior to parents and look down upon them because of their foreign ways. The parental control breaks down and the chasm between the parents and children broadens. This theory, with its practices, has been a source of disorganization in the life of the immigrant. To regard America as belonging to the Anglo-Saxon race or to any other is a notion contrary to the fundamental idea of democracy and to the principle of free institutions. It preaches a doctrine of superiority of race which the totalitarian dictators use to arouse hatred among peoples and weaken every country by breaking its unity. Such a doctrine is not in consonance with American ideals. A program of Americanization based upon the superiority of one group would impose a superficial American pattern upon the newcomer and violate the most profound feeling in American tradition, namely, a decent respect for the worth of the individual. To interpret Americanism as the culture of one definite race denies the immigrant the right to modify and contribute to the development of American institutions. This conception implies a static America instead of a growing, developing, dynamic nation.

*The Melting-Pot Theory.* This second theory, although it is broader than the complete assimilation theory, agrees with the latter in that both aim for the disappearance of divergent ethnic cultures within the American framework. The melting-pot theory slows up the process. It is a matter of degree; both theories desire the complete absorption of the immigrant into the common pattern. The melting-pot theory gives the newcomer a part in the development of American culture and welcomes the contribution of the newer racial elements. Americanism is regarded as in the



making. This theory, which Zangwill portrayed in such an interesting manner, implies that the cultural heritages should be refined and melted in one common crucible. The minority cultures are to be obliterated, slowly to be sure, and finally are to be incorporated into the American cultural stream. A lowering of the morale of the immigrant is to be prevented. Pride in his past and in his people is to be encouraged until the ultimate fusion takes place. Old cherished customs and old ideals are not to be forsaken too rapidly. The tragedy of disintegrated families with a loss of social control over their members is avoided by keeping the children faithful to the old life and bringing the parent nearer to the new.

The melting-pot theory does not recognize sufficiently the vital needs of our minority groups nor does it provide for the preservation of the rich cultural values of age-old groups. Every group cherishes its set of social values, its cultural heritage. There are groups which wish to continue and desire to make their contributions perennially and not once-for-all and disappear. Few worthwhile customs and ideas are added to the dominant culture by dying immigrant groups. Just as a great man usually continues to make his contributions to society as long as he lives, so a nationality is an ethnic personality that continues to contribute as long as it maintains its vital existence. The distinctive contribution in culture made by completely absorbed groups is almost negligible. Must such groups as desire to maintain their identity be suppressed, must there be complete fusion, or is there a way compatible with the best interests of America of preserving freedom for groups which wish to maintain their cultural existence?

*Cultural Pluralism.* Another school of thought is convinced that it would be a great loss to American life to disregard the rich and varied heritage which these many groups may continue to make to American life. It does not believe that the solution lies in the complete assimilation of all minority groups and the eventual blending of all nationalities into a composite pattern for America. In the conclusion of the 1938 Report of the National Resources Committee on the *Problems of a Changing Population* in the section "Cultural Diversity in American Life," it is stated,

There are undoubtedly powerful influences working at present in opposite directions. One set of forces tends toward the totalitarian state through the suppression

of racial and cultural diversity and conflicting interests of all sorts. The other set of influences fosters cultural pluralism, the free adjustment of conflicting interests, group and individual initiative, and thus makes for the preservation and furtherance of democracy.

Cultural pluralism makes possible the adjustment of minority groups to major civilizations. This theory assumes that no one culture contains all favorable elements but that each group which is a component part of the American population has unique values and that the nation will be finer and richer in its cultural composition if the country conserves the best that each group has brought. The theory of cultural pluralism requires that cultural traits be preserved. It does not require complete assimilation. It dignifies values and practices different from the dominant group. It creates a feeling of pride for them and then blends them into the best cultural patterns of American tradition. Is it too much to hope that when Europe is at peace not only economic and political barriers may be lowered, but that nationalities may continue to live as free cultural groups each with its own customs, folkways, tradition, with none to restrain the other, but each group free to accept worthwhile values one from the other? Here in the United States minority groups are not always the recipients of that kindness and tolerance which should be characteristic of America, yet there has been a growing awareness of the rights of minorities to observe customs and folkways and preserve their cultural heritage. The fierce racism of the dictators is a menace to that harmonious living together. This will disappear with those who disseminate hate and as a result greater respect and tolerance among us will ensue. The theory and practice of cultural pluralism may yet be another great contribution that America may make to the world.

**Americanization Programs.** The First World War made many aware of the fact that there were millions of immigrants and their children within the country who were not sufficiently adjusted to American life. Laws were enacted raising the upper age limits of compulsory education; as a direct result the schools took on a more conscious program. Provision was made for evening classes for adult foreigners. These classes were often hasty and makeshift. Instruction was on a mass scale and aimed at immediate results. Employers insisted that their employees become natural-

ized. There was some tendency to use coercion and force. Unfortunately, too, there was emphasis on the externals and too little attention to the fundamental concepts of Americanism.

The criticism of the dominant-group and melting-pot theories of Americanization necessarily applies to the programs which are based upon these theories. These programs do not attribute sufficient value to the culture of the immigrant, nor do they evidence an awareness of the varied cultural life in the United States. There is no particular pattern to which all Americans from every section of the country, rural and urban, North and South, East and West, will conform. Uniformity is not only impossible, it is also undesirable. There are some who regard the Americanization process as sufficient if the immigrant is inculcated with a prescribed amount of American history, government, hygiene, and the English language to be followed up by taking out naturalization papers.

Americanization has far greater implications. It is a slow process, a gradual adjustment by which the experiences, traditions, culture of the immigrant are related to those of America, a building of the new life upon the sound foundation of the old. It is usually a problem of reeducation, an adjustment of another culture with that of the United States. The process cannot be carried on successfully by compulsion but rather by guidance and protection.

Americanization should not disrupt individual standards with weakened guides and sanctions for behavior. Some concrete progress has been made in taking account of the worth-while qualities of alien cultures by the recording and popularizing of folklore, songs, and other cultural traits of various minority peoples. The National Resources Committee says,

"Americans have come to realize that while we do not have a wealth of cathedrals, fine carvings, old family customs, or a national folk music and literature, we do possess an abundance of cultural resources in the heritage of many American groups."<sup>1</sup>

Such recognition is becoming a spontaneous and ardent movement of great importance. It was announced as a major theme of the New York World's Fair.

A present-day Americanization plan envisages a more dynamic program. It must take cognizance of the foreign ideologies that

<sup>1</sup> National Resources Committee, *The Problems of a Changing Population*, Chap. IX.

are rampant everywhere, and must strive to combat effectively the ruthless weapons of propaganda, money, and threats which the dictators use freely. Americanization takes on a new character because of the strong forces which stimulate the immigrant to look to the land of nativity rather than to America. The fierce nationalism of many European countries encourages the immigrant to keep up contact with the homeland. The increased consular staffs, the many organizations under the guidance of the home country, all have striven to keep the immigrant loyal to his country and to the ideology of the foreign government. The danger is real and involves large numbers as federal authorities have made clear. The danger is the graver because in a democracy there is an unwillingness to use the ruthless techniques which the dictators employ freely. It is therefore more difficult to combat these un-American ideas.

On the other hand, there are forces helping to bring the immigrant closer to the American way. Of these the school is perhaps the most important factor. A common language is a unifying force as are the history, geography, flag of the country. Extra-curricular activities, organized recreation under the guidance of the school or of private agencies make the immigrant child conscious of America. American institutions, particularly settlement house and community centers, have aided the immigrant adult and child in becoming adapted to American life. It is of interest that, in many instances, the foreign language press has been helpful, though of late some foreign-language papers have become suspect because of subsidization by foreign governments.

An Americanization program must teach the basic implications of democracy as a vital force in American life. It must give the immigrant a real understanding of the meaning and principles of philosophy underlying them. The immigrant should learn that it is the right of the majority to rule but also that the majority must not suppress the rights of the minority. Democracy recognizes the aspirations and needs of different economic and cultural groups and grants them opportunity of free expression. The immigrant therefore should recognize tolerance as a characteristic of democracy both in principle and practice. He should recognize the true meaning of tolerance, the higher tolerance as expressed by President Washington when he said,

"The citizens of the United States of America have a right to applaud themselves for having given to mankind good examples of an enlarged and liberal policy; a policy worthy of imitation. All profess alike liberty of conscience and immunities of citizenship. It is now no more that toleration is spoken of as if it was by the indulgence of one class of people that another enjoyed the exercise of their inherent natural rights. For happily the government of the United States which gives to bigotry no sanction, to persecution no assistance, requires only that they who live under its protection should demean themselves as good citizens in giving it on all occasions their efficient support."

This concept of tolerance is not something that a dominant group grants to a subordinate and by its "indulgence" permits the minority to enjoy different cultural practices, but rather, as America's first president makes clear, the recognition of such practices as a right. It includes a generous and just treatment of innocent sufferers from any country who have sought refuge on these shores.

This higher concept of tolerance should be inculcated in children as a fundamental principle of a democracy. They should be taught to respect differences. Often due to what is said and heard at home, children are serious offenders in their attitude to people of minority groups. They should learn that being different does not make people better or worse. Eating different food, using other ceremonials is their right, but also the right of others. Through dramatization, through pageants, music, and art, old and young may learn to appreciate different aesthetic values. School programs and field days encourage each group that presents its folk dances, songs, and pageants, and concretizes the idea that uniformity is not a desideratum but that unity is the important objective. Such programs in presenting the contributions of all races and nationalities will develop mutual esteem, respect, and good will. It will help to make America safe for differences.

Such an Americanization program, though it does not discourage cultural loyalties, points out clearly the differences between political and cultural loyalty. For the citizen of the United States there can be only one political loyalty since a citizen can be a member of only one state. There can be no divided allegiance, no dual loyalty for an American citizen. The totalitarian forces, though compelling total obedience and loyalty on the part of all persons within their lands, are continuously striving through propaganda, money, and threats to obtain a hold on men and women

who have come to our shores in recent years and also on those who have lived here for many generations but are of their stock.

A tragic incidence of the present war has been the disloyalty of citizens to their own countries. Treachery and betrayal by its own people have helped to bring about the defeat of country after country. Foreign governments have been successful in winning over people in every stratum of society by promises of money or power. To the poor they give a small pittance and a uniform so that they march and demonstrate on command; to the businessmen they promise large orders and profits; to the impoverished elite who can be helpful in influential circles they give large sums of money and flattery. Then there are always disgruntled office-seekers and those who want more power to whom they promise important posts and power. As a result, in every country of the world there are men and women who stand ready to betray their land and its people. Foreign agents work skillfully and spend money freely. It is not necessary for them to win large numbers; small groups organized in every area can wreak havoc at the opportune moment. There have been spies and traitors throughout history, but never before has propaganda been so skillfully used, never has a betrayal technique been developed so effectively. While one country after another looks on as another succumbs, no country is secure from the corrosive influence of the dictators.

These insidious forces take advantage of every right and privilege which the democracy grants so generously. They undermine our free institutions and by their knowledge of the geography and industry of the country are a constant threat to our national defense. Though they are exceedingly articulate if proposed legislation threatens to limit their activities, they would deny at once all such rights to the individual if they came to power. In the first World War the danger from the hyphenated groups was grave, but in comparison, the thoroughness, efficiency, and ruthlessness of the present dictators, who have been at work in every country these many years, constitute a far greater threat to our safety. The strength of their organizations cannot be easily estimated. Some of them are composed of citizens, some of aliens, plotting to destroy the country which has given them a home. Their objectives are clear, their technique is well known, never-

theless they have been able to carry on their nefarious plans unhampered in every section of the world.

Most Americans are loyal citizens, but there are some native-born and foreign-born who give aid to the dictators. They work deviously. They create hate and prejudice among the various nationalities here. They strive to stop legislation which is beneficial to the best interest of the United States but unfavorable to the country whose tools they are. They pretend to favor a strong defense program for this country but oppose every measure that would strengthen our defense. They are a menace to a defense program in countless ways. There is grave danger from these subversive groups of sabotage for our factories, our public utilities, and our military equipment. These groups raise a hue and cry of mistreatment and persecution. They rant of the denial of freedom of speech and press when they are the first to refuse these rights to others. The disloyal, the un-American can usually be detected. They preach racial and religious hatred. They stir up prejudice against the Catholic, Jew, and Negro in particular and against minority groups in general. They condone quite easily acts of aggression by the dictators against other countries. They point out the weakness of democracy and talk wistfully and persuasively of the need in this country of men like the dictators of foreign lands.

The disloyalty of some, however, should not affect our attitude toward those large numbers of aliens who are loyal and are fully cognizant of the privileges of American citizenship, nor should it destroy the fine concept of Americanization that has developed in recent years.

Not every foreign-born person should be regarded as suspect. Among the loyal citizens can be counted most of the foreign-born because they truly appreciate their blessings in America and do not take for granted the privileges that are theirs. They are loyal sons and daughters of the country of their adoption. The lot of the alien in every country is not an enviable one, especially in time of crisis. Life has always been more difficult for the immigrant. The alien who is desirous of becoming an American in every sense of the word finds himself looked upon with suspicion because of the un-American activities of some aliens. It is important, therefore, that the immigrant should strive to become a part of the American scene, not as an outsider, but as a participant in the life of the

country, ready to assume any responsibility and perform any duties that devolve upon those who live within these borders.

Democracy connotes cooperation as a complement to tolerance. Former attempts at cooperation among different groups were usually made by finding a common denominator; by emphasizing like-mindedness. A higher basis of cooperation may be found by working out a plan of living together with an awareness of differences in point of view. Men of different convictions may live in harmony with one another. It implies a conscious effort on the part of Catholic, Jew, and Protestant to associate together as such with a common goal in terms of their own experience. Americanization so conceived would mean teaching not only a knowledge of our fundamental basic law and the guarantees granted in the Constitution, but also the tolerance and cooperation they imply.

An adequate program of Americanization would involve not only the political and economic relationships but also the social. It would aim to bring the immigrant into the American pattern of life by stressing the value of learning the English language and of adopting American standards of living as a means for a normal happy life, but without coercion. It would recognize the right of the immigrant to use his native tongue. It calls for the giving of an opportunity to the younger generation to learn the language of their people. In some cities the foreign language of any nationality is taught if a sufficient number of people desire it, thereby awakening a greater respect on the part of the children for the language of their parents and laying foundations of a broader culture. It helps to bridge the gap between immigrants and their children and evokes a pride of the second generation in their social inheritance, in the achievements of their people. Such a program provides opportunities for enjoyment of and participation in the music, dance, and drama of the group. It stimulates self-expression on the part of the adult immigrant and the children in their own societies and in cooperation with others, where many may have the opportunity of learning more of the beauty and artistic heritage which the immigrants have brought with them to enrich their life together.

Many agencies are striving in this direction. In large cities the board of education is usually aware of the need for Americanization programs and gives considerable attention to the problem. Classes



for adults are conducted where the newcomer can learn English, history, and government. Lectures, library service, discussion groups, are arranged. Opportunities are offered to the children of the various minority groups to present their arts, folk music, dance, and drama, thereby creating a sense of pride in the cultural heritage on the part of the participants and a keener interest and appreciation on the part of their audience. The United States Bureau of Education and the Immigration and Naturalization Service have been helpful in adult education, particularly in citizenship training work by publishing a Federal Citizenship Textbook which contains lessons in English, in community life, and in history and government. Some of the states have established Americanization Commissions to aid the immigrant.

In addition there are many private agencies which have done effective work in Americanization. They begin by helping the immigrants at Ellis Island and continue to protect and aid them. There are a number of well-known settlement houses that have played a distinguished role in the lives of many new Americans, among them Hull House with Jane Addams at the head for many years, Henry Street with Lillian Wald. A number of settlement houses are under the auspices of the universities. Then there are councils of social agencies and inter-racial Councils. There are many patriotic societies such as the American Legion and the D.A.R. who have Americanization policies. Ethnic groups and religious groups — Protestant, Catholic, and Jewish — have many organizations that are in the front ranks endeavoring to induct their newcomers more easily in the American way of life. They strive to dispel prejudice, and build up mutual understanding. They bring the new American in contact with the old and promote good-will gatherings. They protect the civil rights of the alien and eliminate unjust discrimination in employment, for the fact remains that the intolerance and prejudice of the old-stock Americans is a serious obstacle to assimilation. These agencies, public and private, are making possible a more harmonious adjustment of the newcomer to the American scene. They teach the groups of many lands the art of living together in full and friendly cooperation, which is a cultural achievement of great value.

Americanization, as has been stated, in its broadest sense includes both the immigrant and those of native stock. Americanization is

not a unilateral adjustment but requires a giving and taking on the part of all persons living in America. The native-born Americans who follow ideas and practices contrary to Americanism are as unAmerican as is the immigrant who retains and follows an ideology contrary to our American democracy. Frequently native-born Americans are less appreciative of the privileges that are theirs than are the immigrants who come to America because America symbolizes to them an ideal, the value of which has been enhanced through experiences in societies where that ideal was lacking. Accordingly an Americanization program should not be limited to work with the foreign-born but should be provided for all elements of American society. It should provide clubs, discussion groups, and recreational activities which make it possible for the immigrant to become acquainted with native-born Americans. It should include research and information concerning the problems and contributions of the immigrants. It should aim to destroy prejudice and to build up mutual understanding and respect among all elements of the population. Naturally the programs would vary with specific needs of the groups.

All programs would have this in common: the aim to make manifest that our democracy implies faith in the ability of a people as a whole to solve its problems through the participation of the entire electorate. This participation expresses itself through the ballot and through making our wishes known to the representatives we have chosen. The implications of democracy transcend the political aspect of human relationships. Democracy, as has been so vividly stated, implies four freedoms, freedom of speech and expression, freedom of every person to worship God in his own way, freedom from want, freedom from fear throughout the world.<sup>1</sup> Democracy betokens economic opportunities to all elements of the population. The factors which determine the specific economic opportunity open to any one individual are not subject to control, but democracy at no time can tolerate the limiting of opportunity to special groups or classes without being untrue to its fundamental principles.

These concepts of the American way of life might perhaps be summarized in the emphasis which democracy places on the dignity

<sup>1</sup> President Franklin Delano Roosevelt's message to the Seventy-seventh Congress, Jan 6, 1941.

of man, the value of the individual and, in marked contrast to the totalitarian ideology, the insistence that the citizen is of no consequence excepting to the degree which he serves the state. Americanization must be of a character which would focus the attention of native and immigrant upon harmonious human relationships and must be planned to evoke the fullest cooperation of all elements, individual and collective, for the common welfare.

### TERMS TO BE UNDERSTOOD

nation	accommodation
nationalities	assimilation
minorities	naturalization
cultural heritage	hyphenated groups
cultural pluralism	first papers
quota	second papers

### QUESTIONS FOR DISCUSSION

1. What are the different implications in the programs of the three theories of Americanization?
2. How would Americanization broadly conceived be related to the problem of:  
(a) relations between immigrant and native? (b) white man and Negro?
3. Contrast the attitude of the totalitarian states and democracies in respect to  
(a) treatment of minorities, (b) function of the ballot, (c) efficiency and inefficiency in the solution of social and economic problems.
4. Discuss the role of the school in the Americanization process.
5. Discuss the various agencies other than the school that can be helpful in the Americanization process.
6. What effect did the immigration law of 1929 have upon the influx of immigrants? What groups were "penalized" by this law?
7. How was the Negro affected by the decline of European immigration?
8. Explain the immigration policy of organized labor. Of industry. Why the difference?

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PART III

THE COMPETITIVE SYSTEM AND  
SOCIAL PROBLEMS



## CHAPTER XVI

### BUSINESS ORGANIZATION

**The Hunting Stage — Collective Economy.** In treating the subject of business organization it seems quite appropriate to present a brief summary of man's progress from a primitive to a complex interdependent society as we know it today. Even before the beginning of authentic history, conjectural study permits a classification of economic progress. In the hunting stage man found himself practically on even terms with the wild beasts, depending on what nature had to offer for his existence. His ignorance of the natural laws made him a victim of nature's vicissitudes. He lived from hand to mouth and made no provision for the future. Having no permanent dwelling and possessing no private property other than that which was of the movable type, it was only natural that it formed an integral part of his personality. The lack of scientific knowledge was a severe handicap in the shaping of tools which would have lifted him above the plane of the brute beast to that of human supremacy.

**The Pastoral State — Nomadic Economy.** It is not to be supposed that there are definite and sharp dividing lines between the various stages of economic development, but rather they are characterized by either the absence or the introduction of certain institutions which were sanctioned by the group. Specifically, the pastoral stage marks the beginning of the domestication of animals, cultivation of plants, and the use of tools. This increased knowledge enabled man to be less a victim of his environment. He not only thought of his immediate and constant demands, food, shelter, and clothing, but by the more indirect process of production he was able to enjoy a greater variety of goods in return for postponed satisfaction of the present.

It is in the pastoral stage that we see the concept of the origin of private property. This ancient institution was the outgrowth of a conflict of interests among different tribes for the use of the more



favorable pastures to the exclusion of other herds. As the population grew and the herds multiplied, tribal disputes continued and strife became more severe until it was recognized that private property in herds made necessary private property in land.

As the number of herds and population increased while the amount of land remained the same, especially with respect to pasturing facilities, these early settlers were forced under population pressure to devise more intensive means in their use of land. This same problem in a variety of forms is with us today in many countries. With the attention focused on the more careful utilization of land and the cultivation of plants, the rise of agriculture was inevitable.

**Social Advances under the Pastoral or Nomadic Economy.** As already noted, with the advent of the pastoral economy man no longer was forced to eke out his existence from what nature had to offer, but was able to make some provision for the future through the use of tools, plants, and the domestication of animals. Here we see the rise of a new institution, namely, saving. This means that when effort is directed to the production of producers' goods rather than consumptive goods immediate satisfaction of wants have been deferred, and this postponement of consumption represents the saving process.

The social gains evidenced by a nomadic economy were many, yet man had a great deal to learn. He was not sure of a continuous production, his habitat was not certain, and agriculture was at best only superficially developed. Hence, it was in the next phase of economic development, namely, agriculture, that man was to direct his pursuits in a more permanent abode.

**The Agricultural Stage or Village Economy.** The term "village" is used to designate a social unit with a definite territorial area whose primary purpose is economic production, characterized by a more or less self-sufficient economy.<sup>1</sup> Agriculture, by its very nature, demands that man cease wandering and settle down, establish durable structures and give society an aspect of stability and permanence not evidenced by earlier forms of economic development.

An illustration of the agricultural stage or village economy may be found in early manorial England. The manor was ruled by a

<sup>1</sup> G. A. Hedger and others, *An Introduction to Western Civilization*, rev. ed., pp. 321-386.

noble and the peasants were allotted small strips of land to cultivate. These strips were not fenced but were separated by a few feet of unplowed turf. Under such a system the peasants were required to plant the same crops. The application of fertilizer or crop rotation was unknown and it was necessary to allow about one-third of the land to lie fallow each year to restore fertility.

One outstanding characteristic of manorial economy as distinguished from those that preceded it was its self-sufficiency. Each manor was a community existing apart from others. The peasants not only tilled the soil but made their own clothing, ground their grain at the village mill, and made their simple tools and implements at the village workshop. Communication was rare because of poor highways and the outlawry to which travelers and traders were subjected. The only importations were millstones, salt, and iron which was essential for making tools.

**The Town Economy.** For centuries during the middle ages the chief form of economic organization was the manorial system. The manor produced practically everything it consumed. Man was self-sufficient and what little exchange existed was accomplished by means of barter, goods for goods. Specialization was limited and market places existed only where and when trade was sufficient to make it necessary. Town economy is characterized by the appearance of the merchant salesman, who later furnished raw materials to the artisan, and whom we know today as the "middleman." Middlemen do not produce in the physical sense, but perform the function of exchange. They buy and sell for profit. This specialized group of traders brought the surplus products from the land and the articles the villagers produced to the town, and transferred the surplus manufactured products of the towns to the villagers, thus giving rise to a town economy and interdependence between villages and towns.

**Social Changes Resulting from Town Economy.** With the expansion of trade and commerce the new institution of money arose under the dominance of the merchant and craft guilds which were similar to our present-day trade unions and commercial associations. Hitherto, private property was thought to exist only in land; now articles of trade also were included in the institution of private property. This extension of the concept of private property, together with the introduction of money as a medium of

exchange and the further expansion of commerce, trade, and industry, brought forth the institution of banking. The institution of banking was socially useful. If trade were to expand, funds must be borrowed. Governments, likewise, were in need of money to carry on wars. Finally, it was especially welcomed by those who had funds to lend since it gradually came to be socially acceptable to charge interest for the use of money.

Before the close of the thirteenth century banks appeared in Italy. By the sixteenth century banking houses were established in Germany and Holland. However, the Bank of England was not established until 1694. The reason England lagged behind continental Europe in this respect was that the banking service was rendered by the goldsmiths.

The period that has just been described, in comparison with what preceded it, may be termed a "national economy." It was dominated by the philosophy of mercantilism, each nation seeking its own ends at the expense of all others. The aim was to buy goods as cheaply as possible and sell at the highest possible price; to export as much as possible and import as little as possible. To accomplish these ends each nation sought to build up large colonial empires and to monopolize the avenues of trade. This theory of mercantilism contributed to the power and greatness of such nations as England, France, Holland, and Spain. Thus the control of economic life was transferred from the local units to the royal governments.

However, long before mercantilism had reached its height there were forces at work which were destined to spell its doom. The discovery of new lands, and the rapidly multiplying contributions of science and invention were the influences which ushered in a new social order. This transition is known as the Industrial Revolution.

**The Rise of the Modern Business Enterprise.** The early settlers came to America with a vast store of experience and knowledge from their home lands. Many of them were well educated and endowed with the initiative and spirit to make whatever sacrifices were necessary to attain their aims. They were quick to take advantage of their opportunities. The short rivers furnished water power well adapted to manufacture. Transportation, coal, lumber, fertile soil, and excellent natural harbors are the primary reasons why the great industrial East has become what it is today.

Our present huge business organizations had their beginning in the single enterprise, or sole-proprietorship, form of business followed by the partnership and finally the corporation. Before we describe these various forms of enterprise, it seems necessary to explain what business is, and to make clear some basic economic concepts, the understanding of which will make what is to follow more meaningful.

Business, in the broadest sense, has been defined as "profit seeking." The object of production is to satisfy human wants. The enterpriser would not engage in business unless he thought that he would thereby acquire wealth. Wealth, according to Irving Fisher, is "all material goods and services owned by man (external to himself)."<sup>1</sup> We are living in an acquisitive society under a competitive system producing for the market.

**Some Basic Economic Concepts Defined.** Before we describe the nature and functions of the various forms of business organizations it would be helpful to define and explain the relationship of the factors of production. The success of any organizer depends upon his ability to combine in proper proportions the factors of production, namely, land, labor, and capital.

"Land" in the language of economics means not only the earth on which we stand but the air, water, sunshine, and all the materials beneath its surface.

"Labor" consists of all physical and mental sacrifice used in the creation of goods and services. The wealth of a nation depends not only upon the amount and quality of its natural resources but upon the education and technical skill of its people, and their ability to utilize these resources. The efficiency of labor is conditioned by the degree of division, the kind of direction it receives, and the attitude of the employer and the government toward the laborer. The supply of labor depends upon the birth rate, the nation's policy toward immigration, and the degree of industrialization.

In a highly mechanized nation, such as the United States, labor is employed in a number of ways. Government statistics show that in 1930 the number of persons gainfully employed in the United States was nearly forty-nine million workers. In economic terminology, these workers constitute the labor supply of the country.

<sup>1</sup> Irving Fisher, *Elementary Principles of Economics*, The Macmillan Company, New York, 1937, pp. 3-4.

"Capital," as economists use that term, consists of all produced goods used to further production. Capital is considered a "derived" factor. It is the result of labor cooperating with land (using land in its broadest sense). In order to acquire capital we must consume less than we produce. This involves saving, which is a sacrifice. Consider the number of tools, machinery, and devices used in the process of producing a gingham dress from the raw cotton grown on the fields of Texas to the finished product in the hands of the consumer. All the tools and machinery involved in the process of the production of such an item, and thousands of others, had their origin in land, and are goods made by man not with the idea of the immediate satisfaction of his wants, but to aid him in further production.<sup>1</sup> These goods are called "producer's goods," or capital. Technological advances, together with the specialization of labor, are the causes of the great interdependence of society today. These characteristics mark the present stage of our economy: international economy.

Putting land, labor, and capital together will not give society the goods and services it desires. Someone must so combine these factors that they are in the proper proportions. He must supervise the enterprise. Those who perform this function are known as "enterprisers."

**The Principle of Diminishing Returns.** One factor which makes the task of the business enterpriser so difficult is what economists refer to as the "principle of diminishing returns." If it were not for the operation of this principle, the enterpriser would not have to worry about how many machines he should buy, or how many workers he should hire, because one combination would be just as efficient and economical as any other combination. His ability to recognize the operation of the principle of diminishing returns may spell his success or failure.

Although the principle of diminishing returns applies to all factors of production, it can best be illustrated and most easily understood with reference to agriculture. Let us assume a farmer growing potatoes on one-acre plots of land has a number of these acre plots, each being of equal fertility. He has also the usual implements used in potato farming. On the first plot of ground he raises potatoes without fertilizer, and he receives a yield of

<sup>1</sup> P. F. Gemmill and R. H. Blodgett, *Economic Principles and Problems*, 58-59.

35 bushels. On the other plots of land he uses fertilizer, as indicated in the hypothetical table below, and his yield per acre is shown accordingly.

TABLE XXIV  
UNITS OF FERTILIZER AND CORRESPONDING YIELDS OF POTATOES PER ACRE

<i>Units of Fertilizer</i>	<i>Total Yield</i>	<i>Additional Product</i>
no fertilizer	35 bushels	0 bushels
20 pounds	75 bushels	40 bushels
*40 pounds	95 bushels	20 bushels
60 pounds	110 bushels	15 bushels
80 pounds	120 bushels	10 bushels
100 pounds	125 bushels	5 bushels
120 pounds	125 bushels	0 bushels

\* At this point begins the operation of the principle of diminishing returns

It can be seen that the total yield increases as more and more fertilizer is added to the land, until 100 pounds of fertilizer per acre are applied. Above this amount the total yield does not increase, and eventually, if too much fertilizer were used the total product would decline, because the crop would burn up. The column marked "additional product" gives the important information, so far as diminishing returns are concerned. The figures in this column tell us how much was added to the total product by successive units of fertilizer. Thus, when the first 20 pounds of fertilizer were added, the total product rose from 35 bushels to 75 bushels, or the contribution made by this fertilizer (the additional product) was 40 bushels. When 20 pounds more of fertilizer were added, the total product rose to 95 bushels, 20 more than before. Hence, the addition of the total product made by the second unit of 20 pounds was 20 bushels as over against 40 bushels as a result of the use of the first 20 pounds of fertilizer. In other words, the additional yield of potatoes per pound of fertilizer was only half as great as resulted from the application of the first 20 pounds of fertilizer. Eventually, as more units were added, a point was reached where additional units of fertilizer made no contribution to the total product. What applies to fertilizer is true of other forms of capital and labor as well.

From our illustration we may state the principle of diminishing returns thus: Assuming no change in the methods of production, if

successive doses or units of capital or labor are added to a fixed area of land, then, after a certain point has been reached, each added unit will make a smaller contribution to the total product than the preceding unit.

This principle applies to all productive activity, not to agriculture alone. Any one of the factors of production, or any combination of them, may be held constant, while varying proportions of the other factor, or factors, are used. Eventually the contribution of one of the units of the variable factor to the total product will be less than the contribution of the preceding unit. At that point the principle of diminishing returns enters. The successful enterpriser must know and understand the application of this principle, because, other things being equal, the man who conducts his business in accordance with this principle will have the lowest costs of production, and hence will be able to undersell his competitors.

**Forms of Business Organization.** An individual proprietorship is a business enterprise operated by an individual who is the owner. If the number of enterprises alone is taken as the basis of comparison, single proprietorship is still the most common form of business organization.

This form of organization has many advantages, of which the leading ones are: (1) It is easily and cheaply established. (2) Unless the nature of the project forbids, it can be established with a small investment. Normally, a modern railroad or a foundry or a power plant could not be built and operated with a small amount of capital. (3) All profits earned are the property of the proprietor. The reward of profits stimulates the proprietor to expend freely of his efforts and ability to increase his personal income. (4) It permits a maximum of freedom of action. The location, the size, even the nature of the business may be changed at the will of the proprietor. (5) To most persons there is satisfaction in being able to say, "I am the boss."

Single proprietorship, however, also has some disadvantages. Among them are: (1) A wide variety of duties must be performed by the proprietor. Unless assisted by hired labor he must be his own financier, his own buyer, his own advertising director, his own sales manager, his own credit department, his own treasurer, his own collector, and he alone must assume the responsibility for the success or failure of the project. Few individuals are blessed with such a

diversity of abilities. (2) Few proprietors are willing to risk all that they have in one venture; therefore, the capital of most proprietorships is severely limited. (3) Few types of business houses can afford to close their doors because the proprietor is tired, on vacation, or ill. For this reason, the expression is often heard, "He is the prisoner of a single proprietorship." (4) His liability is unlimited. His entire estate is subject to sale for the benefit of business creditors.

**The Partnership.** A partnership exists when two or more persons combine their property, skill, or ability in conducting a business for profit. In organization the partnership is second in simplicity to the single proprietorship. It is usually based upon a written, oral, or implied contract setting forth the rights and responsibilities of the several partners, the division of profits, and other details. This form of business organization in the past two decades has been losing in popularity, primarily because of its many disadvantages. There are today approximately 200,000 partnerships in the United States, a number less than either the single enterpriser or the corporation. However, the partnership is still dominant in small retail and wholesale establishments, among professional men, and in certain types of small firms that may compete successfully.

Each partner is responsible equally with his associates for the debts, policies, and the operation of the business. The partners may make any agreement among themselves that they desire. They may decide that A shall manage the sales, B the credit, and C the advertising, and so forth. However, unless the general public is aware of these agreements, each partner is responsible, even to the extent of his personal property, for the debts of the business. In case of business reverses or bankruptcy it may be agreed to share losses according to some prearranged ratio. In the absence of any such agreement, losses are usually shared on the same basis as that of profits.

Each partner, in general, is assigned to that work for which he is best fitted, thus assuring the best combination of skill and ability. It affords an advantage over the single proprietorship because of a larger amount of capital that may be obtained. There is a greater distribution of risk than in single proprietorship and less governmental interference than in corporate enterprise. It is preferred especially where secrecy is advantageous, as in professional practice and financial businesses.



Although the law places no limit on the number of partners in a business, yet the feature of unlimited liability restricts the number to a few. Large amounts of capital are not easily obtained. It would not be wise for an individual to risk his all in order to get only a predetermined share of the profits. Nor can it be expected that a great number of small investors would place their savings in this type of enterprise. Upon the death of any one of the partners the partnership is dissolved, and this fact may work a great hardship upon the remaining partners in settling the estate of the deceased. Likewise, a partner cannot retire without the consent of his partners, as they must be responsible for the new member's ability, and so on. There is the further disadvantage that partners may fail to agree on policies to be adopted. Delay in reaching important decisions may prove disastrous to the future of the concern.

However, let it not be inferred that because of the many disadvantages of the partnership form of organization, because some law schools have stricken the subject "partnership" from their curricula, and the further fact that the number of partnerships has been decreasing, that the partnership as a form of business organization is on its way out. Some of the most successful and many of the largest concerns began as partnerships. Such captains of industry as John D. Rockefeller and Andrew Carnegie began their business enterprises as partnerships.<sup>1</sup> It was only last year (1940) that the great interests of J. P. Morgan were incorporated. The partnership form of business organization has performed a valuable function in our social advancement and can continue to be exceedingly advantageous if intelligently adapted to modern conditions.

**The Appearance of the Corporate System.** The modern business corporation is the outgrowth of the joint-stock trading companies which built up the empires of Holland and England in the seventeenth century. It was not common in America until after 1800, when it was used mainly for undertakings involving a direct public interest. In 1813 the corporate form of business enterprise found its way into the field of manufacturing when the first New England textile firm was established at Waltham, Massachusetts.

It has long been evident that the growth of integration was bringing with it a demand for new forms of business organization.

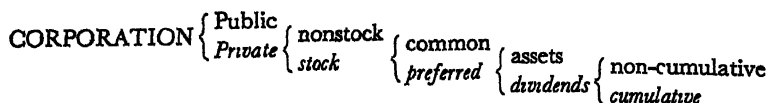
<sup>1</sup> P. F. Gemmull and R. H. Blodgett, *Economic Principles and Problems*, p. 132.

The individual enterpriser and the partnership could not meet the demands of large-scale industry. The modern type of business organization did not really make much progress until legal sanction was given to limited liability. As long as a man was responsible to the full extent of his private holdings for the obligations of a business enterprise, it was not to be expected that there should be any extensive development in large-scale industry. Once it became possible that an individual could invest his accumulated savings, and be responsible for only that amount in case of failure, an added impetus was given to the growth of the corporate form of business enterprise. This form of business organization has undergone rapid development in the United States, until today it is almost synonymous with large business enterprise. In many respects corporate enterprise, as we find it in the United States today, is more dreaded than understood. The enormous economic power which it concentrates under single management has called forth a variety of attempts to control corporations.

A corporation is an association of individuals, acting under a charter granted by the state, in the pursuance of a certain stated enterprise. In the eyes of the law a corporation exists apart from the individuals who compose it. A corporation acts much the same way as an individual. It may make contracts, own property, sue, and be sued in the name of the corporation. Through the purchase of stocks and bonds each individual is liable as a rule only for the amount of his investment.

A corporation is created by two contracts: one between the state and the corporation, known as the "charter"; the other between the corporation and the stockholders, known as a "share." (The share is evidenced by a stock certificate.) The charter states the name of the corporation, the object for which it was formed, its place of business, the number and classes of shares it is authorized to sell, the name of the directors, and other similar information. The setting forth of the objective for which the business is formed is of great importance in that the corporation can do only those things which are specified in the charter. If a charter is obtained for the purpose of operating a brick kiln, the corporation would not be at liberty under this charter to purchase and sell coal. In case the corporation disregards the limitations of its charter or otherwise violates its contract with the state, the secretary of the state can take action to have the charter revoked.

## STRUCTURE OF CORPORATE ENTERPRISES



Corporations may be divided broadly into public and private. Examples of public corporations are cities, school districts, and sanitary districts. They issue no stock, declare no dividends; yet they act as a legal entity under a charter granted by the state. (The state is not a corporation; it is a sovereign power.) Private corporations are represented by such institutions as the Alpha Gamma Pi fraternity, the Congregational Church, the Santa Fe Railroad, and Sears, Roebuck, and Company. It will be observed that the first two of these examples are not organized for profit. They issue no stock and are known as "nonstock private corporations." The last two are organized for profit and are known as "stock corporations."

Corporate stock is divided into two broad groups: common and preferred. Common stock has no priority or preferred claims over other classes of stock. Preferred stock has a preference of some kind over other stock. Preferred stock is usually preferred in either or both of two ways: assets and dividends. The preference as to assets is effective only in case of liquidation. If the corporation is liquidated, the original investment of the preferred stockholder must be returned before any distribution of investments may be made to common stockholders. The priority of dividends provides that before any surplus can be distributed to common stock as dividends, the preferred stock must receive its stipulated share of dividends. Dividend priority may take either of two forms: cumulative and noncumulative. Should the board of directors fail to declare a dividend in any year, the right to such profit distribution is permanently lost if dividends are noncumulative. If, however, dividends are cumulative and the boards of directors decline to declare a dividend, the claim of the preferred stockholders accumulates year after year and retains its priority over common stock until such cumulated dividends are paid. In lieu of the rights and privileges conferred, preferred stock usually surrenders its right to vote in stockholders' meetings. (In some states, however, for instance the state of Illinois, no class of stock can be deprived of voting power.)

A dividend is a distribution of the accumulated profits of a corporation to its stockholders. The authority of dividend declaration rests entirely with the board of directors. Cumulated dividends in arrears are in no way a liability to the corporation until officially declared by the board of directors. Even though the corporation has a large surplus and an abundant supply of cash, if the board of directors decides it is inexpedient to declare a dividend, the stockholders have little grounds on which a suit might be filed to force a distribution. Where stockholders have been able to establish a claim of fraud against the board of directors, courts have ordered a distribution of surplus. This, however, is a rare happening. If no surplus has been accumulated, no dividends can be declared.

A bond is a long-term note. Corporations frequently augment their capital by the sale of bonds. Bondholders are creditors of the corporation as contrasted with the stockholders, who are owners. Because bondholders are creditors, they have no voting rights and take no part in the management of the organization. Accumulated bond interest is a liability, and failure to pay such interest on the outstanding bonds gives rise to the bondholders' right of legal action to force payment. In case of bankruptcy or voluntary dissolution, the return of the bondholders' investment and accumulated interest must be made before any distribution can be made to stockholders. Therefore, the poorest class of bond has a claim against the corporation's assets that is superior to that of the best class of stock.

Corporations have certain advantages as forms of business organization. Death, insanity, bankruptcy, becoming an alien enemy, sale of part or entire ownership to other stockholders or to outsiders have no effect on the continuance of the corporation. The voting power in a corporation is distributed in accordance with the investment; each share of stock gives rise to one vote; therefore, the person or group of persons who own 50 per cent or more of the stock of a corporation can control and direct its activities. Control is centralized. Stockholders elect from their members or from outsiders a board of directors. The board is charged with the responsibility of determining the operating policies, appoints executive officers and operating agents, and vests them with appropriate authority to represent the corporation.

Only authorized agents can make contracts that are binding on the corporation. Because changes in the personnel of the ownership of corporations are provided for, small investors may become part owners in the world's largest enterprises subsequent to their organization. Stockholders are not personally liable for the debts of the corporation. (It is probable that as many corporations are organized to take advantage of this feature as of any other one characteristic.) Usually in the failure of the corporation, the only loss suffered by the stockholder is the investment that he has made. The stockholder's personal estate is not subject to attachment and sale for the benefit of corporation creditors.

The corporation has also certain disadvantages when contrasted with the individual enterprise or with the partnership. The corporation has authority to do only those things which are provided for in a charter. Taxes paid by corporations are higher than those paid by other forms of business of equal size and importance. This is brought about not only by higher taxing rates, but by additional forms of taxes imposed on corporations only. Detailed reports that become public property must be made at frequent intervals to local, state, and federal governments. Because the corporation is managed and directed by representatives of the owners, larger organizations become slow and clumsy in meeting emergencies. As stockholders are not liable for corporation debts, small or financially weak corporations have poor credit or borrowing power.

**Growth of the Corporate Form of Organization.** An examination of the following table will throw some light on the increasing importance of the corporation in our business life. It is interesting to note that during the twenty-five years from 1904 to 1929 the number of manufacturing establishments conducted by individual owners and partnerships decreased from 76.4 per cent to 51.7 per cent of the total. The number of their wage earners declined from approximately 29 per cent to 10 per cent, while there was a decrease in the value of the product turned out from 26 per cent to 10 per cent; and, finally, when we consider the amount of value added to the product in the process of manufacture by these two forms of business organization we find a drop from 28 per cent to 8 per cent.

When we look at these same statistics from the point of view

TABLE XXV<sup>1</sup>

TYPE OF OWNERSHIP OF MANUFACTURING ESTABLISHMENTS IN THE UNITED STATES, CALENDAR YEARS 1904, 1909, 1919, and 1929

Type of Ownership and Year	Establishments		Wage Earners		Products		Added by Manufacture	
	Number	Per Cent of Total	Average Number	Per Cent of Total	Value (Dollars)	Per Cent of Total	Value (Dollars)	Per Cent of Total
Corporation.								
1904 . . . . .	51,097	23.6	3,862,698	70.6	10,904,069,307	73.7	4,526,055,153	71.9
1909 . . . . .	69,501	25.9	5,002,393	75.6	16,341,116,634	79.0	6,582,206,117	77.2
1919 . . . . .	91,517	31.5	7,875,133	86.6	54,744,392,855	87.7	21,817,546,565	87.0
1929 . . . . .	101,815	48.3	7,945,478	89.9	64,900,690,398	92.1	29,174,714,978	91.5
Other Types:								
1904 . . . . .	165,083	76.4	1,605,685	29.4	3,889,833,256	26.3	1,767,639,600	28.1
1909 . . . . .	198,990	74.1	1,612,653	24.1	4,330,935,236	21.0	1,947,053,875	22.8
1919 . . . . .	198,588	68.4	1,221,239	13.4	7,673,685,918	12.3	3,224,151,925	13.0
1929 . . . . .	109,144	51.7	893,265	10.1	5,534,173,045	7.9	2,710,568,733	8.5

<sup>1</sup>Table from Paul F. Gernmull and Ralph H. Blodgett, *Economic Principles and Problems*, p. 141. Reproduced by permission of Harper Brothers Source, Bureau of the Census, United States Department of Commerce.

of the corporation we find that the number of establishments has increased from 23 per cent to 48 per cent, wage earners from 70 per cent to 89 per cent, the value of products from 73 per cent to 92 per cent and the value added to the product increased from 71 per cent to 91 per cent. In view of these figures, it is not difficult to understand why the individual enterprise and the partnership form of organization have been decreasing in importance while the corporate form has gained such tremendous significance in our national economic life

Table XXV portrays information pertaining to the corporate form of organization in production in general in the United States. Table XXVI shows ten industries which give evidence of a pronounced preference for the corporate form of organization. In the

TABLE XXVI<sup>1</sup>

MANUFACTURING ESTABLISHMENTS UNDER CORPORATE OWNERSHIP IN TEN  
LARGE-SCALE INDUSTRIES, 1919 AND 1929

Industry	Total Number of Establishments		Operated by Corporations			
			Number		Per Cent of Total	
	1919	1929	1919	1929	1919	1929
Sugar refining . . . . .	20	21	17	19	85.0	90.5
Boots and shoes, rubber . . . .	25	22	24	22	96.0	100.0
Smelting and refining, copper .	34	26	34	26	100.0	100.0
Iron and steel, steel works, and rolling mills . . . . .	500	486	481	475	96.2	97.9
Smelting and refining, lead . . .	25	19	24	19	96.0	100.0
Locomotives . . . . .	17	16	16	13	94.1	81.2
Smelting and refining, zinc . . .	39	30	39	30	100.0	100.0
Iron and steel, blast furnaces . .	195	105	187	105	95.9	100.0
Cars, electric and steam railroad .	106	147	104	144	98.1	98.0
Petroleum refining . . . . .	320	390	297	373	92.8	95.6

ten-year period from 1919 to 1929 in only one industry does the percentage of plants operated by corporations fall below 90 per cent, while eight show a percentage higher than 95. If we consider industry as a whole, it will be found that there are many lines of manufacture in which the percentage of industries controlled by corporations is low. Nevertheless 92 per cent of the value of the

<sup>1</sup> Table reproduced by permission of Harper Brothers from *Economic Principles and Problems*, p. 143. Paul F. Gemmill and Ralph H. Blodgett, New York, 1937. Source: Bureau of the Census, United States Department of Commerce

total output of manufacturing concerns is attributable to corporate enterprises.

**The Concentration of Economic Power.** Berle and Means give an interesting account of the hugeness of the corporate system and of the concentration of power in the hands of fewer and fewer men.<sup>1</sup> A very rough estimate indicates that 78 per cent of American business wealth is corporate wealth. Of this percentage the 200 largest corporations control approximately 49 per cent of all corporate wealth, and about 38 per cent of all business wealth. The National Industrial Conference Board estimated the National wealth in 1929 at 367 billions of dollars. Since the total assets of 200 big companies in that year amounted to over 81 billion dollars, they controlled 22 per cent of the total wealth of the country.

As far as can be seen, almost every element that favored concentration of economic power in the past still exists, and the only apparent factors which may curb this tendency is the limit in the ability of a few human beings efficiently to control and manage great aggregates of property brought under their jurisdiction and the interference of government through taxation, legislation, and regulation. When we consider that it is possible for two thousand directors of the largest corporations to control half of the industry in a country of some 130 million people we sometimes wonder what the expression really means, "that economic enterprise in America is a matter of individual initiative."

#### TERMS TO BE UNDERSTOOD

bond	guilds
capital	interdependent economy
charter	land
collective economy	labor
common stock	manorial system
consumers' goods	partnership
cumulative preferred stock	pastoral economy-nomadism
corporation	preferred stock
dividend	producers' goods
domestic system	town economy

#### QUESTIONS FOR DISCUSSION

1. How do you account for the fact that England was the dominant nation in trade and commerce long before her first bank was established?

<sup>1</sup> A. A. Berle and Gardner C. Means, *The Modern Corporation and Private Property*.



2. Do you think the "common man" or the masses would be better off if the single enterprise were given a better opportunity to thrive? Do you think that huge corporate enterprises should be curbed?
3. What are the major stages in the evolution of modern business enterprise and what characteristics mark each stage?
4. Explain the principle of diminishing returns in the case of the use of (a) capital, (b) labor.
5. Give the advantages and disadvantages of: (a) individual ownership, (b) partnership, (c) corporation.
6. What privileges does the state give to corporations? What obligations does it impose upon them?

### FOR FURTHER STUDY

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## CHAPTER XVII

### COMPETITION AND THE PRICE SYSTEM

**The Importance of Trade.** If every person made his living by his own unaided efforts, if he produced independently with materials of his own gathering everything that he consumed, there would be no need of buying or selling, no markets, and no problems of trade. Neither would there be any unemployment. Everyone would work for himself, everyone would be self-sufficient, and most of our modern economic problems, which grow out of dependence on one another through trade, simply would not exist.

But the actual situation is very different. The farmer may raise several kinds of food, but he does not produce all his food, and he must buy practically everything else he needs. Seldom does a worker produce even one commodity in its entirety. He does not make an automobile, a sewing machine, or a suit of clothes. Instead, he performs some small specialized service in a factory in which some one of these is made. This specialization brings great gains in efficiency, but it also places us in greater dependence on others. We must depend on others to buy our products to furnish us with money income; we must also depend on them to produce the things we consume.

This universal reliance on selling goods and services is one of the most significant characteristics of our present economic order. It accounts for the importance and complexity of modern trade. It makes all parts of the economic system highly interdependent. It means that if the demand for any important commodity falls off, large numbers of people find it more difficult to make a living. For instance, as long as an automobile manufacturer has a steady market at sufficiently good prices, he can make an income for himself, pay wages to all his employees, and buy the necessary raw materials. But if his sales fall off, or the prices he can get fall below his costs, he must reduce production and discharge some of his men. Many of these men will then have no way of getting a living,

especially if other industries are also laying off workers. They do not know how to farm, and, anyway, they have no farms. They lack both the equipment and the materials, and the necessary skills for making clothing, houses, furniture, and other consumers' goods which they need. With the failure of the market for the one thing they have to sell, their labor, they are helpless.

**The Importance of Prices.** If a large volume of goods is to be produced, if the opportunity for employment is to be kept open to everyone, the stream of trade must be broad and steady. But the maintenance of a large and steady flow of trade depends to a great degree upon prices. Trade represents voluntary exchanges of goods. If prices go too low, sellers will reduce their offerings; if prices go too high, buyers will reduce their takings. To keep a steady volume of trade both buyers and sellers must be satisfied, and a number of fairly definite price relationships must be maintained. For example, the price, or wages, of labor must not be too high in proportion to the price of manufactured goods; for if it is, manufacturers cannot afford to hire the labor to continue production. Nor should the price of labor be too low, for then the workers will not be able to buy the goods placed on the market. Again, the price of farm products must not go too low in proportion to industrial products, for if it does, the farmers cannot buy a normal amount of clothing and machinery, and that will create unemployment in the cities. Once a system of price relationships has been established that makes possible a high level of trade and production, any serious disturbance of it is likely to check economic activity and bring on a depression.

**The Meaning of the Term "Market."** Before discussing how prices are determined we must have a clear concept of what we mean by a market. In everyday speech this term is used very loosely. It is quite common to say, of anything that can be sold, that there is a market for it. At the one extreme this may mean that a single potential buyer is known to exist, at the other extreme it may mean that millions of people stand ready to buy it at one price or another. Frequently when we speak of a market we mean merely a place where people come together to buy and sell. Thus in many cities we find a fish market, a flower market, a farmers' market, or, in the stock exchange, a stock market. Again, the term "market" may refer to a definite but rather extensive area in which a product is sold. We speak, for example, of the California market or the

European market. But when we say that the price of a commodity is determined in the market, we are using the term in still another sense.

The market in which price is determined consists of the whole field or area in which the forces influencing price operate. To make the concept more definite, we might think of it as including, first, all the people interested in buying and selling a commodity, and whose actions might influence its price; and second, all the factors which influence their actions. When we say, for example, that the market for wheat is world-wide, we mean not only that it sometimes pays to ship wheat to the other side of the world, but also that the behavior of buyers and sellers in India may affect the price in Chicago, in Winnipeg, and in Liverpool, or vice versa. When, on the other hand, we say that the market for gravel is local, we mean not only that it does not pay to ship it from Ohio to California, but also that the demand, supply, and price in Ohio have no direct influence on the price in California.

**Competition, Monopoly, and Price Determination.** When we say that there is *perfect competition* in the market for a product, we mean that there are a great many firms selling it, and that they are not organized, but are acting independently, each in its own interest. We mean also that there are many independent buyers, and that both buyers and sellers have some knowledge of the market. Under these conditions no one firm has any real control of the price. If it asks more than the others do, it will lose its business. The more efficient firms set the pace because they can sell at low prices and still make profits. The others must strive to meet them in efficiency and price or else be forced out of business. Under monopoly, on the other hand, a commodity is offered by only one seller.<sup>1</sup> Whether the monopoly is a person, a firm, or a group of firms held together by some form of agreement makes little difference. It can set its own price. If it is weighing its best interests it must, as we shall see, set its price with discretion, but it does not have to worry for fear the public will buy its commodity cheaper from someone else.

When market conditions approximate perfect competition, the price of a commodity is determined by competition among buyers and sellers, or, as we commonly say, by supply and demand. In their popular use these terms have different and often uncertain

<sup>1</sup> Buyers' monopolies also exist, and, while we shall not discuss them here, they are sometimes important

meanings. For example, sometimes supply means the stock of a good on hand, sometimes the amount sold in a given period of time, sometimes the amount sellers would like to sell if they could get the "right" price. Likewise demand may mean desire for a good, it may mean willingness to purchase, or it may mean the amount actually purchased in a period of time. It should be especially emphasized that "demand," as used by economists, is never synonymous with "need" or "desire," because it implies, in addition, ability to purchase. Though a penniless beggar may have a great *desire* for food, he can exercise no *demand*. Demand has sometimes been defined by economists as desire for a good plus the ability to purchase it at a given price. However, the concepts of both demand and supply are of interest to us chiefly as an aid to understanding how competition determines prices. And for this purpose it is most useful to define the demand for a good as its *demand schedule*, and the supply of a good as its *supply schedule*.

A supply schedule is a list of the quantities of a good that sellers would offer at each of various conceivable prices. Similarly, a demand schedule is a list of the quantities of a good that buyers would take, if they could get them, at each of various conceivable prices. Both supply and demand schedules, we should note, refer to given markets, and given periods of time during which there is no significant change in economic conditions. To illustrate how supply and demand, as we have just defined them, determine prices, let us suppose that in a certain week when business conditions are rather stable the following supply and demand (schedules) exist in the egg market of a large city:

TABLE XXVII

<i>Price per Dozen</i>	<i>Supply</i>	<i>Demand</i>
	<i>Number of Dozens That Would Be Offered for Sale at the Prices Indicated</i>	<i>Number of Dozens That Would Be Bid for at the Prices Indicated</i>
10¢ . . . . .	100,000	650,000
20¢ . . . . .	300,000	450,000
30¢ . . . . .	370,000	420,000
40¢ . . . . .	400,000	400,000
50¢ . . . . .	420,000	300,000
60¢ . . . . .	440,000	170,000
70¢ . . . . .	460,000	70,000

Under the above conditions, which imply free competition, the price of eggs cannot remain much above or below 40 cents a dozen. It cannot remain at 30 cents because at that price buyers will try to purchase 420,000 dozens, but sellers will part with only 370,000 dozens. Some of the unsatisfied buyers, rather than go without their eggs, will offer more than 30 cents, thus raising the market price. But if the price goes to 50 cents, it cannot remain there either. At that price sellers will try to sell 420,000 dozens of eggs, but buyers will take only 300,000 dozens. Rather than be left with the eggs on their hands, some of the sellers will offer their eggs for less, and so the market price will drop. But at 40 cents the price is in equilibrium because the quantity buyers will take is equal to the quantity sellers will offer.

Other things being equal it is generally true, as illustrated by our egg market, that the higher the price of a commodity the more will be offered for sale and the less will be bought. However, this is not true to the same degree in all cases. Some commodities, for example, have a very *elastic* demand. This means that if there is a substantial rise in price people will buy much less, while if there is a substantial fall in price people will buy much more. Other commodities have a rather *inelastic* demand, so that changes in price, within limits, have very little effect on the amounts purchased. As a rule the demand for luxuries is elastic, while the demand for inexpensive necessities is inelastic. If the price of fur coats should double, purchases would decline very sharply. On the other hand, it is unlikely that doubling the price of table salt would have any important effect on the amount people would buy.

An *increase* in demand (or supply) in the schedule sense means that at each price more eggs will be bought (or offered for sale) than before. A *decrease* means that fewer will be bought (or offered for sale). Let us suppose that a year after the week to which the schedules in our table apply, the money incomes of egg buyers have risen; and that as a result, they stand ready to buy, at each price listed, 120,000 dozens of eggs more than before. Since this is an increase in demand without any change in supply, you would expect the price of eggs to have risen. If you make the necessary additions in the table, you will find that this is just what has happened, and that the new market price is 50 cents a dozen.

This situation is pictured graphically in Fig. 26. There supply is represented by the curve  $SS$ , and the original demand by the curve  $DD$ . The new demand is represented by the broken curve  $D'D'$ . The old price is indicated by  $P$ , the new price by  $P'$ . Notice that an increase in either demand or supply can always be shown by shifting the entire curve to the right, a decrease by shifting it to

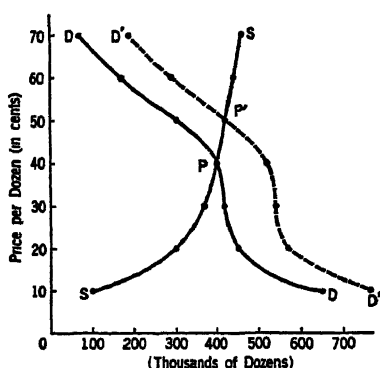


FIG. 26 SUPPLY AND DEMAND FOR EGGS

the left. It can readily be seen by studying the graph that an increase in demand or a decrease in supply will raise price, while a decrease in demand or an increase in supply will lower it.

Under monopoly the description just given of how supply and demand determine prices does not apply, since there is only one seller of a good, and he can set the price. However, if the monopolist is seeking good profits, he must not set his price too high. A

very high price will give a large profit margin on each unit of a commodity sold, but it may result in such small sales that total profits will not be great. A more moderate profit on each unit, coupled with large sales, is likely to yield a much better return. In other words, the monopolist controls supply but not demand; and, though he can set his own price, he cannot make people buy as much at a high price as they would at a low price. His problem is to maximize his total profit, which is his profit per unit times the number of units he sells.

A monopolist's control over price is always subject to important limitations. Sometimes his monopoly is the result of combining a number of competing firms; and, if he sets a rather high price he will encourage new competition to spring up. Even where his control of production is secure, too high a price will cause people to turn to substitutes. Or, if he sells a necessity for which satisfactory substitutes are not available, a high monopoly price will bring on a demand for government regulation of his business.

But in spite of all these limitations on the power of the monopolist, monopoly prices are likely to be much higher than competi-

tive prices, and this, as we shall see later, creates serious social problems.

*Imperfect Competition.* Few commodities are traded in under conditions that closely approximate perfect competition; neither are very many things sold under conditions of outright monopoly. Most of the actual situations fall somewhere in between; and while clear-cut monopoly does not exist, competition is so imperfect that individual producers do have some control over price.

*Duopoly and Oligopoly.* Suppose that instead of there being many firms engaged in selling a product there are only two firms, or perhaps as many as a dozen firms. The former case is called "duopoly," the latter, "oligopoly." Clearly, in neither of these cases do we have monopoly, but neither is there perfect competition, because where there are so few competitors each firm may have a certain amount of control over price. If one firm raises its price, perhaps it will not lose all its business because the competing firms may not be able to expand their production quickly. Perhaps, also, some of the competing firms will follow its lead and raise their prices too.

*Incomplete Monopolies.* Another type of situation is found when one large firm controls the bulk of the production of a commodity, while the remainder is in the hands of a number of small competitors. Suppose, for example, that you owned all the best sulphur deposits in the world and sold 95 per cent of the world consumption of sulphur, but that the other 5 per cent was produced by many small firms. You would not be a monopolist in the sense of being the sole seller of sulphur, but you might have great monopoly power, that is, you might be able to maintain a price much higher than would be possible in a typical competitive market. Of course, your small competitors would get the benefit of the high price too and you would lose some sales to them, but that would not need to worry you much if they were not able to expand enough to take over an important part of your market.

*Competition of Substitutes.* In contrast to the situation in the preceding paragraph, you might, in strict theory, have a complete monopoly and still have very little power to raise the price of your product. Paradoxical as it may seem, monopoly does not exclude all types of competition. To say that one has a complete monopoly merely means that no one else sells the very same product. But



there are always substitutes, or products which serve much the same needs of the consumer. Oranges can be replaced by apples, beefsteak by pork, streetcars by private automobiles, butter by oleomargarine. The degree of power over price which a monopolist has depends largely upon how numerous, how good, and how cheap are the substitutes which compete with his product.

Whenever a producer makes a product a little different from that of any other producer, he has a complete monopoly of a sort, but many such monopolies are not very important because they confer little power over prices. Every manufacturer of trade-marked cookies has a monopoly of cookies bearing his trade mark, and in the eyes of many consumers the trade mark makes a real difference. Yet if he raises his prices very much he will lose nearly all his customers because they will substitute other brands of cookies. His power to raise prices successfully would, of course, be much greater if he had a monopoly of all cookies. It would be still greater if he had a monopoly of all pastries, and immeasurably greater if he had a monopoly of all food products. There is an element of monopoly in the sale of most manufactured or processed goods, be it only through control of a trade mark; and yet there is competition, too, a competition between products that, though somewhat different, like two makes of automobiles, can nevertheless be readily substituted for one another.

**The Monopoly Problem.** Unquestionably in the last fifty years or more there has been a trend toward monopoly in many fields of business. This has not been entirely unwelcome to business men because, as a rule, they do not like to have to sell in a highly competitive market. The reason is that competition tends to keep prices near costs and thus to reduce profit. But in most industries there are great advantages to society in competition. As a rule it gives consumers better products at lower prices. Lower prices mean larger sales, if not of the good in question, then of other goods, and this means more employment of labor, more wages available for all kinds of spending, and therefore higher standards of living. Monopoly, on the other hand, has serious social disadvantages. It is common knowledge that a monopoly, through its power to raise prices, is able to levy a tax on every consumer. But the greatest evil in monopoly is not that it taxes the individual consumer, but that the high price which it is likely to maintain reduces sales and

production, and thereby creates or maintains unemployment, and lowers standards of living. The gain of the monopolist is usually the loss of the community, because the average standard of living can be raised, not by restricting, but only by increasing the production of the goods and services that the people want.

Strictly speaking, monopoly constitutes not one problem, but a number of problems, because different circumstances prevail in different monopolized industries. Since some of these problems are given attention in the chapters on large-scale business enterprise and public utilities, we shall not discuss them further at this point.

**Unstable Prices.** We have pointed out that to maintain a steady volume of trade, production, and employment, certain fairly definite price relationships must exist among the various goods and services offered for sale in the market. But since the prices of most things, instead of being fixed once for all, are subject to frequent changes, any price relationships that may become established are constantly being disrupted; and this fact creates a number of serious problems.

The price changes which we must take into account are of two kinds: first, those caused by variations in demand or supply conditions for a particular commodity, and affecting other commodities very little; and second, those caused by factors that affect all commodities, and thus tend to make the prices of a great many things go up or down. The first type of price change can be illustrated by a rise in the price of wheat when a blight reduces the supply. The prices of other commodities are not directly affected. The second type of price change can be illustrated by a rise in the price of wheat brought about by an increase in demand resulting from an increase in employment and income. In this case the same factor that increases the demand for wheat will increase the demand for other goods, and cause their prices to rise too. When the prices of most goods are going up, we say that the general price level is rising. The term "general price level" means simply the average of all prices.

**Value and Price.** To understand the relation of the prices of particular commodities to the general price level one should understand the distinction between value and price. In economic discussion "value" ordinarily means exchange value; and the value of

a given good can therefore be measured directly only in terms of the other goods for which it can be traded. For example, the value of a piano is the loaves of bread, knives, suits of clothes, doctors' services, and whatever else can be had in exchange for it. "Price" is merely value expressed in money; and the price of a good is the amount of money for which it can be traded. There is no simple way of expressing in full the value of a piano in goods, but its price can be stated readily as, let us say, \$500.

Now this distinction between price and value is important. At any given time we can compare the value of different goods accurately enough by comparing their prices; but changes in the price of a commodity over a period of time may be no indication whatever of how its value has changed, because in the meantime there may have been a shift in the general price level. If a pair of shoes at any given time is worth \$5 and a coat \$40, it will take eight pairs of shoes to buy the coat; or the value of the coat is eight times the value of the pair of shoes. But suppose the price of our coat rises to \$80. If other prices remain unchanged, the value of the coat has doubled, for it will command twice as much as before in other kinds of goods. But if on an average the prices of other goods have also doubled, the value of the coat is no greater than before, for \$80 will buy no more than \$40 would formerly. What has happened is that the value of money has declined as the general price level has risen. Value is the power of a good to command other goods in exchange, and when the price level is doubled the buying power of a given amount of money is cut in half.

The yard is our common measure of length, and the dollar is our common measure of value. But the dollar is not so good a measure as the yard because, while the length of the yard is always the same, the value of the dollar changes with every change in the price level

**Measuring Changes in the General Price Level.** We have already defined the general price level as the average of all prices. But how are we to find such an average? One might think this would be very simple. Actually it is so difficult that a famous economist, David Ricardo, once thought it impossible. Stop and think about it a moment. How would you average the prices of a \$10 ton of coal, a \$3 yard of silk, a 12-cent quart of milk, and a \$2 doctor's visit? If you add these prices and divide by four, you get

\$3.78. But \$3.78 for what? The figure is meaningless because you cannot reduce either the commodities or the units in which you measure them to a common denominator.

There is, however, a fairly satisfactory solution for this problem of finding a price average. It consists of the use of index numbers. A price index number is a kind of average, but it is not an absolute number expressed in dollars and cents. Rather it is a ratio, or percentage, showing how prices at one time compare with prices at another time. It usually expresses the price level of a group of commodities in a given year as a percentage of their price level in some other year. This latter year is chosen for purposes of comparison and is called the "base."

There are different ways of calculating price index numbers. One way is to add up the prices, in the year chosen for the base, of a long list of commodities; then to add up the prices of the same commodities in each of the years for which an index is desired; and last to express these latter price sums as percentages of the price sum in the base year. Index numbers found in this way are unweighted, that is, they make no allowance for the fact that some commodities are much more important than others. The price of a pound of table salt, for example, is added in with the price of a pound of bread, without considering that people buy much more bread than table salt. The table following indicates how an unweighted index number is calculated. For simplicity only three commodities are used.

TABLE XXVIII

<i>Commodities</i>	<i>Prices in 1950 (Base Year)</i>	<i>Prices in 1960</i>	<i>Prices in 1965</i>
Table salt per lb. . . . .	5¢	10¢	12¢
Bread per lb. . . . .	8¢	2¢	5¢
Milk per qt . . . . .	7¢	3¢	8¢
Price sums . . . . .	20¢	15¢	25¢
Price indexes . . . . .	100	75	125

To "weight" such an index one must assign to each commodity some number (weight) that indicates its relative importance. The price of each commodity is then multiplied by the proper weight before the prices are added. If, for example, before adding the price of bread and the price of salt, we multiply the former by

twenty and the latter by two, changes in the price of bread will have much more influence (weight) in the resulting index than changes in the price of salt. The following table indicates how a weighted index is calculated.

TABLE XXIX

<i>Commodities</i>	<i>Prices in 1950 (Base Year)</i>	<i>Weights</i>	<i>Weighted Prices in 1950 (Base Year)</i>	<i>Prices in 1960</i>	<i>Weighted Prices in 1960</i>	<i>Prices in 1965</i>	<i>Weighted Prices in 1965</i>
Table salt per lb.	\$0.05	2	\$0.10	\$0 10	\$0.20	\$0.12	\$0.24
Bread per lb.	0.08	20	1 60	0 02	0.40	0 05	1.00
Milk per qt.	0.07	10	0.70	0 03	0.30	0 08	0 80
Weighted price sums . . . . .			\$2.40		\$0.90		\$2.04
Price indexes . . . . .		100			37 5		85

Perhaps the best and most widely used price index in the United States is that calculated by the Bureau of Labor Statistics at Washington. This is a weighted index based on the wholesale prices of several hundred commodities. The method used is as follows: The weight assigned to each commodity is the quantity sold in some representative year. Any convenient year may be selected for the determination of these commodity weights; but, once decided upon, the same weights must be used in finding all the yearly index numbers. The index number for any given year is calculated by multiplying the price of each commodity by its weight and adding the resulting products to get a weighted price sum. This sum is then reduced to a percentage of the corresponding sum in the base year. The following table, though using only three commodities instead of hundreds, illustrates this process.

**The Problem of Sticky Prices.** We are now ready to give attention to some of the problems that result from price changes. Any considerable rise or fall in the general price level is accompanied by serious economic disturbances, but these result not so much from shifts in the price level as from the fact that some prices rise or fall more than others. Prices which resist change when the general price level is rising or falling are said to be "sticky."

TABLE XXX

<i>Commodities</i>	<i>Prices in 1950 (Base Year)</i>	<i>Quantities Sold in 1960</i>	<i>Total Values at 1950 Prices (Base Year)</i>	<i>Prices in 1965</i>	<i>Total Values at 1965 Prices</i>
Cotton per lb.	\$ 0 25	1,000,000,000 pounds	\$ 250,000,000	\$0.20	\$200,000,000
Wheat per bu.	2 00	500,000,000 bushels	1,000,000,000	1 00	500,000,000
Gasoline per bbl	10.00	75,000,000 barrels	750,000,000	8.00	600,000,000
Weighted price sums . . . . .			\$2,000,000,000	. . . . .	\$1,300,000,000
Price indexes . . . . .			100	. . . . .	65 . .

These sticky prices are the chief source of trouble. If the prices of food and clothing rise, and the price (wages) you receive for your labor rises proportionately, you are no worse and no better off than before. But if food and clothing rise sharply in price and your wages remain the same, or rise only a little, you suffer serious loss. Likewise you may suffer loss when prices fall. Suppose, for example, you work in a men's clothing factory, and the price of men's suits goes down. If the price of cloth does not go down, and you and your fellow workers refuse to accept lower wages, your employer may have to lay you off to save himself losses. He may even be forced out of business. In either case, you lose your means of earning a living.

Prices resist change for many reasons. Sometimes, as in the case of railroad fares, they are regulated by the government. Sometimes, as in the case of doctors' fees, or a nickel for a package of chewing gum, they are pretty firmly fixed by custom. More often than not, they are controlled by a monopolist. But whatever the reason for sticky prices, so long as they exist, any change in the general price level is bound to disturb the normal price relationships which are necessary for the maintenance of trade, production, employment, and income.

We must not, however, attribute to sticky prices all the disturbances which accompany a change in the price level. If a rise or fall in prices affected all commodities uniformly, it would still create problems because of the existence of debtor and creditor relationships.

**The Price Level and Debtors and Creditors.** It is commonly said that debtors benefit and creditors lose when prices rise and that the reverse is true when prices fall. Suppose that John Jones had lent Thomas Smith \$1000 in 1913 and that Smith had paid it back in 1920 when the price level was more than twice as high. While Smith repaid the same amount of money that he received, this money would buy less than half as much as when he borrowed it. Jones appears to have been the loser, but it is not clear that his loss is really the result of the lending transaction; for, if he had hoarded his \$1000 in a mattress, its purchasing power would have shrunk just as much. He could have saved himself from this loss only by spending his money in 1913 on better living, or by investing it in a piece of property like a house, the money value of which might have risen with the price level. Nevertheless it remains true that creditors, insofar as their incomes depend on payments of interest and principal on loans, suffer a shrinkage of purchasing power when prices rise; and the opposite is also true, that they gain in purchasing power when prices fall.

Whether rising prices really benefit a debtor depends chiefly on their effect on his money income. Suppose you have a fixed income of \$5000 a year and are paying 5 per cent interest, or \$1000 a year, on a \$20,000 mortgage. If prices rise sharply you are worse off because your cost of living goes up, and it becomes much more difficult for you to meet your interest payment of \$1000. On the other hand, if your money income rises proportionately to prices, your position is improved.

The farmer with a mortgage is one of those who generally benefit from a rise in prices. Suppose a farmer is paying \$1000 annually in interest and principal on a mortgage, and is doing this out of an income of \$2000. This leaves him only \$1000 for his living expenses. Now suppose the price level doubles. Since farm products are sensitive to price changes we will assume that their prices also double and that the farmer's income rises to \$4000. His interest payment of \$1000 now leaves him \$3000 for living expenses, or three times as much money as he had before. To be sure, his living expenses are also higher, but even if we assume that they have doubled along with the price level, he still has considerably more purchasing power.

But a falling price level can work terrible hardships upon farmers

who carry mortgages, even to the extent of creating an acute national problem. Take the case of our farmer who is paying \$1000 interest and principal out of a \$2000 income. Suppose now that the price level drops 50 per cent and that farm prices drop in proportion. If the farmer's total income is then reduced to \$1000, he has, after payments on his mortgage, nothing at all left over to live on. If he does not make the payments when they fall due, he will probably lose his farm. This is the sort of situation that faced hundreds of thousands of farmers in the depression years following 1929. Except for industrial unemployment in our great cities, no more pressing economic problem ever faced the nation.

**The Price Level and Fixed Incomes.** Few people outside of the recipients of well-secured annuities have money incomes that are really fixed. However, there are other groups whose incomes are relatively stable. Among these are government employees, people who depend on interest from savings, and people who depend on interest from high-grade bonds. Falling prices benefit these stable income groups and rising prices injure them, for the obvious reason that in the former case their money will buy more, in the latter case less. An extreme rise in prices like that which occurred in Germany during the postwar inflation can reduce such groups to abject poverty by destroying their purchasing power almost completely.

**The Price Level and the Worker.** It is usually said that rising prices injure wage earners and salaried workers because wages and salaries rise more slowly than other prices. In other words, they are sticky and resist change. Conversely, it is said that falling prices benefit workers because wages and salaries fall less rapidly than other prices.

For a man with a steady job at full time this reasoning is correct, but for the working class as a whole its validity is doubtful. Periods of rising prices are generally periods of increasing business activity and increasing employment, and workers as a group are likely to benefit through the increase in jobs. If pay rolls rise faster than prices, there is a net gain for the workers even if wage rates lag. On the other hand, periods of falling prices are generally periods of business decline, and even though wage rates resist the downward trend the workers as a group are likely to suffer a net loss because of increasing unemployment.



**Price Changes and Prosperity.** Rising prices and increasing prosperity nearly always go together. Why should this be so? If it is the higher prices themselves that bring prosperity, then the way to get the country out of depression would be to raise prices by any method available. That seems to have been the reasoning of many who advocated the NRA (National Recovery Act) codes. If, they said, the firms in each industry could get together, fix "fair" prices and eliminate "chiselers," good wages, good profits, and prosperity would be restored. Unfortunately this reasoning involves a misunderstanding of the relationship between prosperity and rising prices. The rise of prices in a normal period of business recovery follows an expansion of demand, and as long as demand continues to expand rising prices will be accompanied by increased sales. But to raise prices arbitrarily as a government or a monopoly might do, without regard to demand, is almost sure to contract sales, and in turn reduce production, employment, and the community's income. It is probable that the National Recovery Act codes, in spite of their name, were an obstacle rather than an aid to recovery.

But it would be highly misleading to leave the impression that rising prices are a passive factor in a period of recovery. On the contrary, once an increasing demand for goods starts the upward movement, the rising prices themselves stimulate further business recovery. This happens for several reasons.

First, the profits of many business firms increase because the prices of the things they sell rise faster than their costs of production. Costs of production are themselves prices, but they include sticky items like wages, which rise only slowly, and other items, like interest on bonds, which are fixed by contract for a period of years in advance. Besides this, one must remember that the raw materials from which finished goods are made must be bought in advance, and so when prices are rising the manufacturer is able to sell in a high-priced market goods made from materials bought when prices were lower. Increasing business profits have a powerful influence on recovery because they create a spirit of optimism. Businessmen begin undertaking expansion for the future. New office buildings and factories go up, new machinery is installed, more money is paid out for materials and labor. All this increases the income of the public and increases the demand for consumers' goods of all kinds.

A second way in which rising prices stimulate recovery is by inducing speculation. When prices have been rising for some time, people gradually gain confidence that the rise will continue. Then they begin buying up commodities to take advantage of the expected higher prices. Outright speculators buy for resale goods they would ordinarily not handle; merchants and manufacturers build up their inventories to avoid paying higher prices later; even consumers are influenced by appeals to buy clothing and automobiles now, before the prices go up. All this increased demand for goods naturally stimulates business optimism, and directly increases production and employment. It also keeps prices rising and so maintains the speculative buying which is its source.

But unfortunately prosperity based on a speculative rise in prices cannot continue indefinitely. The speculators themselves know that somewhere there is a limit to the rise. Stocks and inventories finally become so large that further increase is difficult. As the demand for goods flags, the price rise is halted. Now the situation is reversed. Speculators begin to sell and merchants and manufacturers stop buying to use up inventories already on hand. Prices fall rapidly. Demand not only falls, but it falls below normal, because for many kinds of goods there will be little buying until the speculative stocks are used up. Production and employment contract and general depression follows.

**Price Flexibility vs. Price Stabilization.** It is neither possible nor desirable to get rid of all price change. Individual commodities must fluctuate in price if they are to make adjustment to changes in supply and demand. But there are two directions in which we can work to reduce the disturbances caused by these price changes. First, we can try to make individual prices more flexible, so that they will adjust themselves to changes in the general price level. Second, we can try to make the general price level itself more stable.

As we have said, it is not so much changes in the general price level which cause trouble, as it is the fact that some individual prices are sticky. Many of these sticky prices are monopoly prices, in some cases monopoly prices under government control. Dealing with them is therefore part of the monopoly problem, which, as we have said, will be discussed more fully later.

If competition could be made more effective, some individual

prices would be more flexible. However, the difficulties involved are great, and there is perhaps more hope of reducing fluctuations in the general price level, and so lessening the need for a radical readjustment of large numbers of individual sticky prices. But in a free-enterprise economy any effective control of the price level is possible only through the control of money and bank credit. We shall therefore take up this problem in the chapter on Money and Banking which immediately follows.

### TERMS TO BE UNDERSTOOD

economic self-sufficiency	duopoly
market	oligopoly
perfect competition	incomplete monopoly
monopoly	price
supply	value
supply schedule	general price level
demand	price index number
demand schedule	base year
increase or decrease in demand	unweighted price index
increase or decrease in supply	weighted price index
imperfect competition	sticky prices
elastic demand	inelastic demand

### QUESTIONS FOR DISCUSSION

1. Why do prices play a very important role in the economic order?
2. Name several products whose prices are determined under conditions approaching perfect competition. Defend your choices.
3. Name several products produced by monopolies. In each case, discuss the limitations to which the monopoly is subject.
4. In table XXVII decrease by 75,000 dozens the quantity of eggs that sellers would offer at each price. What would be the new market price of eggs? What change has taken place in supply? In demand?
5. Are there disadvantages in competition from the standpoint of the public? In monopoly? In general, which is the more desirable? Would you make any exceptions to this?
6. "In many industries the growth of monopoly has eliminated competition." Discuss.
7. Why is the distinction between value and price important?
8. In the table illustrating how the Bureau of Labor Statistics calculates its index number, change the 1965 prices to the following: cotton, 15 cents per pound; wheat, \$1.50 per bushel; gasoline, \$5.00 per barrel. Find the price index number for 1965.

9. How do changes in the price level affect debtors and creditors? People with fixed incomes? Wage earners? Business prosperity?
10. Give several illustrations of how sticky prices may cause trouble when the general price level is rising or falling.
11. How might the disturbances caused by price changes be reduced?

#### FOR FURTHER STUDY

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## CHAPTER XVIII

### MONEY AND BANKING

**Money and Its Functions.** We all know that the coins and engraved pieces of paper which we carry in our pockets are money. Indeed, we are all so familiar with money that defining it may seem a waste of time. Yet we are not all of us sure that money is limited to coins and government currency. The need for a definition is apparent whenever we try to answer questions like the following: Is a personal check money? Or a travelers' check? Or a government bond? The answer in each case depends on just what we mean by money. We could define it to include the things mentioned, or to exclude them. To avoid confusion let us, following the usage of most texts in economics, accept the following definition: Money is anything which everybody in a given society will accept without question in payment for goods or in discharge of debt.

In the light of this definition it is easy to show that government bonds, personal checks, and travelers' checks are not money. They may often be substituted for money in making payments, but they do not have the universal acceptability which is the primary characteristic of money. Many people will refuse to take a personal check for fear the maker does not have a sufficient bank account to cover it. Travelers' checks pass rather easily in hotels and stores, but people who are not familiar with them are likely to refuse them. Likewise, people who are not familiar with government bonds will either refuse to take them, or insist on investigating before doing so. In this case there is a special reason for investigation, because the market value of a government bond may be more or less than its face value. Ordinarily the two do not vary widely, but there was a time, not long after the First World War, when a \$100 Liberty bond was worth less than \$85.

Now that we have explained what money is, let us turn our attention to the question, Why do we use it? The general answer

is that it makes trade easier. In fact, the complex organization of modern trade would be impossible without it. The truth of this becomes plain when we understand the three principal functions of money, and the difficulties that would be encountered in carrying on trade by barter.

The first function of money is to serve as a medium of exchange. When we sell goods we ordinarily want other goods, now or in the future. But we do not make the exchange directly. Instead we sell the things we have for money and then use the money to buy the things we want. In this way we avoid the inconveniences of barter, to which we shall refer later.

The second function of money is its use as a standard, or measure, of value. This is its bookkeeping function, and is sometimes quite distinct from its function as a medium of exchange. Take, for example, the case of the farmer who sells produce to the country storekeeper and is credited with its money value on the storekeeper's books. Later the farmer buys goods at the store against these credits. It is a kind of barter, because no actual money is used, yet the values are estimated and the books are kept in terms of money. Money is the measure of almost all deferred payments, or debts, though as we saw in the preceding chapter, it is not entirely satisfactory for this purpose because its own value changes. We have not, however, been able to find a substitute that is better.

The third function of money is to store value, or wealth. To some extent this is incidental to the use of money as a medium of exchange, because every time a man receives money for goods or services, so long as he holds it he is necessarily storing a certain amount of value. But when it comes to storing large amounts for long periods one has a choice between holding money and holding other forms of property. Holding wealth in the form of money is called "hoarding." That relatively little wealth is held in this way is shown by the fact that the total stock of money in the United States, outside of the Treasury and the Federal Reserve banks, has never been more than about \$8,000,000,000; whereas estimates of the total wealth of the country have sometimes run well over \$350,000,000,000.

**The Difficulties of Barter.** Money came into existence in response to the needs of trade. Some trade can be carried on by barter, or the direct exchange of goods for goods, without the use

of money. But the greater the volume of trade and the greater its complexity, the greater the difficulties of barter become.

To emphasize this fact let us suppose that all trade were carried on by barter, and then try to picture the difficulties of a company manufacturing automobiles. In the first place, when the company was being organized, since it could not sell its capital stock for money, it could not use money to buy the labor and materials needed to build a factory. Instead, after trading its stock for real estate, wheat, dry goods, or other commodities, it would have to make bargains with architects, building workers, and materials producers to take some of these things for their pay. After the factory was built and production was under way the finished automobiles would have to be traded to dealers, but the dealers could pay for them only with the various kinds of goods they could get from their own customers. When the company received these goods it would have to store them, and later use them to pay insurance, interest, taxes, dividends, wages, and all other costs. It is easy to see that the difficulty of making the innumerable deals, the time involved, the cost of storing and handling the goods, would be prohibitive. Unless money was quickly introduced as a medium of exchange, it is almost certain that the manufacture of automobiles would have to be abandoned.

The basic difficulties of a pure barter system are three: First, the wants of two people seldom coincide. I want a horse and you have one for sale, but you do not want the pigs I offer in exchange. For me to find somebody with the horse I want and who also wants my pigs may be very difficult. For you to take my pigs and hold them in the hope of trading them later for something you do want is likely to be both troublesome and expensive. Second, under a barter system it is very difficult to make change. Perhaps you would like to buy one of my pigs, but all you have to offer is a horse whose value is much greater. You cannot divide your horse up, without killing it and destroying most of its value, so you must either go without the pig you want, or take along with it other pigs which you do not want. The third obstacle to trade under a pure barter system is that there is no standard of value, that is, no one commodity in which the values of all other commodities are customarily expressed to make comparison easy. With the use of money all three of these obstacles to trade largely disappear.

**The Qualities of Good Money.** In a primitive community money is likely to consist of one or several valuable commodities, because it is difficult to get people to accept as things of value mere tokens like engraved pieces of paper. In a more advanced society, after a long process of evolution, such tokens may come to serve as money; but it is not easy to establish and maintain their use without the aid of a strong central government. In any society money is sure to develop as soon as there is any appreciable amount of trade. People, as a matter of convenience, begin to accept in payment some commodity which is in general demand and which can be easily handled and stored. If a good money material is not available, inferior substitutes are used. At various times and places iron, copper, shells, cattle, tobacco, and other things have been used for money, but none of them is entirely satisfactory.

It is generally said that a good money material should be portable, durable, homogeneous, cognizable, divisible, and stable in value. To be portable, or easily carried, money must have a high value even in small amounts. To be durable it must be able to resist handling and to resist spoilage when it is stored. To be homogeneous it must have that uniformity in quality which makes possible standard units, like the gold dollar, which are uniform in size and value. To be cognizable it must be easily recognized so that no one can practice fraud by substituting or counterfeiting. To be divisible it must be capable of being divided into small units without loss of value, to facilitate the making of change. To be stable in value its power to purchase other goods must be constant. Of the six qualities named, stability of value is the most difficult to find. Its importance is very great, both to maintain the acceptability of money and to avoid the evils of a fluctuating price level.

**Gold, Silver, and Paper Money.** No commodity is entirely stable in value, and few indeed meet the other requirements for good money. Grain and tobacco are notably lacking in durability and portability. Diamonds have portability and durability but are neither divisible nor homogeneous. Iron is perhaps sufficiently durable, cognizable, homogeneous, and divisible, but it is certainly not portable. Not until we come to gold and silver do we find in rather high degree all the qualities of a good money commodity except stability of value. But even in this matter of stability, gold and silver are superior to most things, because changes in their



value usually occur rather slowly. This is chiefly because the world's stocks of gold and silver are the accumulation of many years, so that each year's consumption and production change very little the total amount available. So, as a result of a natural process of selection, gold and silver very early came to be the principal money of the more civilized parts of the world.

During the nineteenth century, however, gold displaced silver almost completely as standard money. Standard metal money is coin with a bullion value equal to its face value. A good example of it is the United States gold money which was in circulation until the spring of 1933. A ten-dollar gold piece actually contained ten dollars' worth of gold. Our silver dollars and small coins, on the other hand, are not standard money but tokens, because the value of the metal in them is not equal to their value as coin.

While gold was replacing silver as standard money, paper tokens were replacing gold in actual circulation. Paper was more convenient to handle, and if people had confidence in a bank they preferred to exchange their gold for bank notes. These notes were promises of the bank to pay gold to the bearer on demand. They were issued in convenient denominations, and so long as the people had confidence that the bank would pay them, the notes circulated freely as money. Sometimes the government itself issued notes, and they too circulated readily. As long as the bank or government held enough gold to pay all the notes in full, there was not much difference between using the notes and using the metal.

But with the passage of time the relationship between the paper tokens and the gold behind them has tended to become more tenuous. It was soon discovered that a large number of notes could be kept in circulation with only a small amount of gold reserve, because people seldom presented them for redemption. Further, it was found that government notes continued to circulate and retain their value even if redemption stopped. Today our own government holds huge stocks of gold, but neither the government nor the banks will redeem paper money in gold, and it is even illegal for private persons to own gold. Some economists believe that the day may come when there will be no relation whatever between our gold stocks and the value of our money.

**The Money of the United States.** Money in circulation in the United States today consists entirely of government currency

and coin, because nothing else is universally acceptable in payment for goods and services. One reason that people will take this currency and coin, when they will hesitate to take anything else, is that the law makes such money legal tender; that is, the law says that no debtor who offers it can be required to offer anything else. The chief reason, however, is that everyone knows that he can readily pass it on to someone else. Why is everyone so sure of this? First, because the custom of accepting government money is thoroughly established; second, because there is no satisfactory substitute for it; and third, because the people believe that the government can and will maintain the acceptability of this money and prevent any rapid depreciation. Doubtless the gold stock held by our government has something to do with this faith in United States money, but, as we have indicated, it is probably a less important factor than generally supposed. There is little reason to believe that our money would suddenly depreciate, much less become worthless, even if all this gold were secretly removed and dumped into the ocean.

The government of the United States issues directly or through the Federal Reserve banks several kinds of money. Besides silver dollars and small coins there are in active circulation three kinds of paper money: United States notes (greenbacks), silver certificates, and Federal Reserve notes. In November, 1940, according to the *Federal Reserve Bulletin*, the total amount of money in circulation in the United States outside of the Treasury and the Federal Reserve banks was \$8,522,000,000, distributed as follows: Federal Reserve notes, \$5,705,000,000; silver certificates, \$1,658,000,000; United States notes, \$275,000,000; other kinds of paper money, now in the process of being retired from circulation, \$246,000,000; coin, including silver dollars, \$639,000,000.

Except for small coin, which is essential for making change, these several kinds of money are much alike to the people who use them. None of them is made of material worth anywhere near its value as money, but they are all legal tender. The government will not redeem any of them in gold; but it will exchange one kind for another, and this prevents any differences in value from arising.

**Some Money Problems.** Compared with the money of earlier periods modern money is an almost perfect medium of exchange. Indeed, one cannot study monetary history without being struck by

the progress that has been made, and by the number of major problems that have been solved and almost forgotten.

An early and very serious money problem which was not solved until modern times was the making of perfect coins, uniform in weight, shape, and appearance. Imperfect coins caused untold trouble for various reasons. First, since coins often passed by weight, the lighter coins would be discounted. Second, since the weight and appearance were irregular, clipping was widely practiced; that is, people would make a profit by scraping a little metal off each coin, progressively making it worse. Third, counterfeiting was easier because harder to detect. Today, modern minting machinery makes all coins practically perfect. The difficulty of clipping has also been increased by milling the edges.

In the United States, before the Civil War, the lack of a uniform currency constituted a great problem. At that time there was no government paper money in circulation and the quantities of United States coin were inadequate. For some years after the establishment of our monetary system in 1792, a great deal of worn and clipped foreign coin circulated. Later, our principal currency for many years consisted of state bank notes. Since most of the notes were backed only by the credit of the issuing bank, some were good, some depreciated, and some worthless. Taken all together they greatly handicapped trade, for outside of the area where a bank was well known its notes were hard to pass. Before one dared to take a bank note one was not familiar with, one had to look it up in the *Bank Note Reporter*, a periodical issued regularly to give the latest information on the notes of every bank. Since the Civil War, or at least since 1879 when gold redemption of the greenbacks was undertaken, our currency has for all practical purposes been uniform. To be sure, we have had different kinds of money, but they have all been issued by the government, or guaranteed by the government, or secured by government bonds, and they have been freely interchangeable.

The making of perfect coins and the establishing of an essentially uniform currency for the United States are merely illustrative of the progress made in developing satisfactory money. There have been other money problems which have been solved with equal success. This is not to imply, however, that our money system is now perfect. On the contrary, we still face serious problems.

Perhaps the three most important money problems before the world today are: First, how can we guard ourselves against the dangers of future inflation? Second, how can foreign exchange rates be stabilized? And third, should we try to return to the old-fashioned gold standard, or should we divorce money entirely from gold and frankly adopt a managed paper standard? All three of these problems are very closely related; but the most basic of them is inflation, and so we shall discuss it first. Then we shall take up the question of the money standard, both as it relates to the problem of inflation and as it relates to the stability of foreign exchange rates. But to begin our discussion of inflation we need to understand the quantity theory of money.

**The Quantity Theory.** Suppose everybody in the country should wake up tomorrow morning to find himself a millionaire. Imagine the scenes in the department stores. What an increase in the demand for goods! Soon all the things that we have thought we would like if we could afford them would be gone. Prices throughout the country would rise and rise until, at last, they would be high enough to check buying, bring some sort of balance between supply and demand, and enable the stores to restock. When that time came, prices would probably be so high that most of us would not be able to buy much more than before.

Of course it is reasonable to ask whether, if everyone had more money and if demand increased, production would not increase enough to make more goods available at about the same prices. To some extent production would increase, especially if business was in a state of depression just before the additional money was put in circulation; but even then the increase in production would be accompanied by a rise in prices; and it would be limited by the available supply of labor, factory capacity, and materials. Also, we must remember that some of the people who had just become millionaires might not be willing to work until prices had risen so high that they were obliged to.

Other things being equal, an increase in the amount of money in circulation raises the price level, because when people have more money they spend more, and the increased demand for goods pushes prices up. Conversely, a decrease in the amount of money in circulation causes the price level to fall, because when people have less money they spend less, and the demand for goods declines.

This principle is called the "quantity theory" of money. Stated in this very general form, it is scarcely open to question. Notice we are not saying that if there is an increase in the amount of money in circulation the price level will necessarily increase in proportion, or vice versa. We are merely saying that, other things being equal, a change in the amount of money in circulation will cause a change in the price level in the same direction.

**Inflation.** Inflation means increasing the amount of money or bank deposits in circulation sufficiently to make prices rise, deflation means decreasing them enough to make prices fall. At present we will confine our attention to monetary inflation, leaving bank-deposit inflation (and deflation) for discussion later. A mild amount of inflation does no great harm. In a period of depression after there has been a considerable fall in prices, a certain amount of inflation may be a very good thing, because it increases the demand for goods and tends to bring not only prices, but production and employment back to normal. But if inflation is rapid, and continues unchecked, there is no limit to the resulting rise in prices. Every time prices rise the value of money falls until, at last, money becomes entirely worthless. Before the first World War the value of the German mark was approximately twenty-four cents. After the war the German government had very heavy payments to meet, including reparations to the Allies. Since it was unable or unwilling to meet these payments out of taxes or the sale of bonds to the public, it resorted to printing more and more paper money. In the resulting inflation, which reached its climax in 1923, prices rose until ultimately it took a million marks and more to buy a breakfast. Because the production and trade of a country depend on the use of money and on reasonably stable prices, to destroy the value of money by permitting an unchecked rise in prices completely disorganizes production and trade, and works untold hardship upon millions of people.

Even an inflation that increases prices by 50 or 100 per cent will do a vast amount of damage. All people who depend on incomes from bonds, pensions, or insurance annuities lose a large part of their purchasing power. Many wage and salary workers also suffer great losses. The majority of businessmen, on the other hand, make abnormally large profits, and are likely to be induced to overexpand their business facilities. One of the worst features

of this sort of inflation is that the rapid price rise generates a tremendous amount of speculation. People become more interested in buying and selling land and stock for profit than in producing goods. In time, speculation forces many prices so high that, when the inflation is finally checked, there is a sharp reaction accompanied by severe depression.

The danger of inflation is never entirely absent. Our banking system is such that whenever a period of business expansion gets under way, there is always the possibility of considerable inflation of both money and bank deposits. This we shall discuss a little later. Again, whenever the government finds it necessary to make huge expenditures which it cannot meet out of taxes, there is always the possibility that ultimately it will impair its credit and resort to printing money to pay the bills. There are, of course, groups in the community who will encourage this because they benefit from inflation. Most frequently it is war which forces a government to such great expenditures that it has to print paper money to meet them. Today our government is not technically at war, but it is spending such huge sums on preparation and on aid to Britain that, though the danger of inflation may not be immediate, it certainly lurks in the not distant future.

There is no sure protection against inflation, for we can never be certain that changing political and economic conditions will not unexpectedly bring us face to face with it. Many economists believe that the only real protection is to educate people to this danger so that the pressure of public opinion will be brought to bear against inflationary proposals. Others, however, believe that an effective safeguard is to be found in the gold standard.

**The Gold Standard and the Paper Standard.** When a country is on the gold standard three things are true: (1) Its basic monetary unit, such as the pound, franc, or dollar, is defined as a certain weight of gold. (2) Coinage of gold is free, that is, unlimited. Anyone may bring any amount of gold to the mint and receive it back in coin at no cost or for only a nominal fee. (3) All other forms of money are redeemable on demand in standard gold coins or the equivalent in bullion.

Among the claims made by advocates of the gold standard are the following: (1) Acceptance of this standard by all countries would stabilize exchange rates. (2) The gold standard is a safe-

guard against inflation. (3) Money must consist of, or represent, a valuable commodity in order to retain its value and acceptability, and gold is the best commodity for this purpose. In the following paragraphs we shall deal with all three of these claims, but this much can be said in advance: Throughout the years the peoples of the world have developed a faith in gold which they do not have to the same degree in any other kind of money, and this gives any money which is based on gold a definite advantage.

Probably the simplest form of the gold standard would be a money system that, except for small change, employed nothing but standard gold coins. Such a system is found nowhere, but if adopted by all countries it would clearly stabilize foreign exchange rates, because if the English pound always contained five times the gold in a dollar, then five dollars could always buy a pound. Slight variations might occur because of the costs of shipping gold, but these would not be very important. For example, if you owed a pound to somebody in London, and it cost ten cents to send five gold dollars to London to have them exchanged for a gold pound, the total cost of the pound to you would be \$5.10. In a money system like this, the value of money could not depreciate unless the value of gold itself depreciated. And further, so long as the system itself were not changed or abandoned, inflation would be impossible because gold cannot be turned out on printing presses. It is a scarce commodity, the quantity of which can be increased only by the slow and laborious operations of mining.

Now let us suppose that for this money system in which people use only gold coin, we substitute a system in which the gold is held by the government, and the money in actual circulation consists of paper substitutes. None of the conclusions of the preceding paragraph is affected so long as the paper notes are actually redeemable in gold, and the amount of gold backing, or reserve, is equal to the paper money in circulation.

But let us go a step further and permit the government to spend three-fourths of the gold behind the paper notes, retaining a reserve of only 25 per cent. This gives us a money system much like those which existed in most countries before the gold standard was generally abandoned. No immediate difficulty is experienced because, as we have already noted, under normal conditions few people present their notes for redemption. But the policy of main-

taining only a fractional gold reserve changes the monetary situation in two important respects. (1) A certain amount of inflation is possible even under the gold standard, for if a 25 per cent gold reserve is sufficient, perhaps a  $12\frac{1}{2}$  per cent reserve will do. If it is decided that a  $12\frac{1}{2}$  per cent reserve is enough, then the amount of paper money in circulation can be doubled. (2) Even if the government is determined to maintain the gold standard, an unexpected demand from noteholders may exhaust reserves and force the abandonment of redemption. To stop redemption means going off the gold standard.

When inability to redeem notes on demand forces abandonment of the gold standard, a country automatically goes on a paper, or fiat money, standard. But the irredeemable money continues to circulate freely, and, if its quantity is properly restricted and people have reasonable confidence in the continuity of the government, it retains its value. *For the value of money, once acceptability is firmly established, depends primarily not on a backing of gold but on scarcity.*

A national money system based on irredeemable paper has the disadvantage that a government in need of funds can inflate the currency without any definite check or limitation. It has the further disadvantage that foreign-exchange rates are likely to be unstable, even if other countries are still on the gold standard. Outside of the country where it is used for money, a paper currency fluctuates in price just like any other commodity. At least, this is true if dealings in it are not government controlled; and government control of exchange rates creates many difficult problems.

But irredeemable paper has one characteristic which may be a great advantage: Under normal conditions its quantity can be controlled. Even with the gold standard there can, over a period of time, be great changes in the general price level. With a paper standard a responsible and capable government might, by regulating the quantity of money, have considerable power to reduce price fluctuations. This possibility of making prices, and with them business conditions, more stable, is what most people have in mind when they urge the advantages of a "managed" paper standard over the gold standard.

The above discussion of monetary standards can be summed up and completed in the following conclusions: (1) A universal gold standard would stabilize foreign-exchange rates, while national



paper standards would not. (2) The strong faith people have in gold tends to create confidence in any money system based on it, but paper money can retain its value and acceptability without gold backing if the quantity is properly restricted. (3) Where there is a strong determination to stay on it, the gold standard gives some protection against inflation; but this protection is not very effective because, since only fractional reserves are held, crises are likely to arise which will force the abandonment of gold. (4) In the long run the best protection against inflation is a responsible government backed by an enlightened public opinion. (5) A managed paper standard might give the government some power to stabilize business by reducing fluctuations in the general price level.

**Our Present Monetary Standard.** Up to March, 1933, the United States was on the gold standard. The gold coins in circulation contained nine parts of gold and one part copper alloy, and the dollar was defined as 25.8 grains of gold nine-tenths fine. This was equal to 23.22 grains of pure gold. The dollar itself was not actually coined, but gold pieces were issued in denominations of \$2.50, \$5, \$10, and \$20. All other forms of money were redeemable in gold. But in March, 1933, at the time of the bank holiday, the gold standard was abandoned by stopping redemption. Not long after, by a series of steps, gold was nationalized; that is, it was required that, with minor exceptions, all gold should be turned over to the Federal government. Individuals thereafter were allowed to hold it only by special permit.

In January, 1934, though gold was no longer in circulation, the gold dollar was officially "devalued" about 41 per cent by redefining it as only  $15\frac{5}{16}$  grains nine-tenths fine, or 13.71 grains of pure gold. The chief purpose of this change seems to have been to raise prices in the hope of restoring prosperity. If, as is often assumed, the value of the dollar depends on its gold content, devaluation should have raised the price level about 70 per cent, because 23.22 grain dollars contain nearly 70 per cent more gold than 13.71 grain dollars, and therefore it should take 70 per cent more of the latter than of the former to make a given purchase. And, since higher prices and prosperity nearly always go together, the advocates of devaluation thought a sharp rise in the price level would bring business recovery.

In this reasoning there were two fallacies. In the first place, as

we have already explained, while rising prices usually accompany prosperity, *raising* prices does not necessarily bring it. In the second place, under present conditions there is very little truth in the notion that the value of the dollar depends on its gold content. On the contrary, it depends much more on the quantity of dollars in circulation. For the reduction of the gold content of the dollar to have raised prices to any extent, it would have had to increase the demand for goods by giving the public more dollars to spend. This it did not do.

If the public had held large stocks of 23.22 grain gold dollars and could have exchanged this gold for new dollars at the rate of a dollar for each 13.71 grains, many more dollars would have been put into circulation. Actually, however, most of the gold in the country was held by the Federal Reserve banks or the government, and such amounts as were held privately had to be surrendered to the Treasury at the old rate of 23.22 grains per dollar. Therefore the principal immediate effect of devaluation was not so much to raise the general price level as to raise the price and value of the gold stocks held by the Federal Reserve banks and the Treasury. The government-buying price for gold, formerly \$20.67 an ounce, was now \$35 an ounce.

Contrary to popular belief devaluation was not really inflation, and therefore its effect in stimulating prices and business was much less than had been hoped. True, prices rose somewhat, both before and after the change in the dollar. This was partly because of a natural rebound from the extreme business pessimism of 1932 and early 1933; partly because the decrease in the gold content of the dollar increased the price of foreign gold currencies, and therefore of imported goods; and partly because people believed that inflation was taking place, and therefore began to buy goods for speculation. But, as should have been foreseen, the rise in prices was small in proportion to the reduction in the gold content of the dollar, and was not accompanied by any quick return of prosperity.

Whether the United States is still on the gold standard is purely a matter of definition. We are not on that standard as defined in the past, because money in circulation is no longer redeemable in gold. Neither, however, can we be said to be on a simple paper standard, because the value of the paper dollar is always kept equal to the value of 13.71 grains of gold. This result is achieved

because the Secretary of the Treasury in effect makes a standing offer to buy at this price any amount of gold offered at home or abroad, or to sell at this price any amount of gold needed to make foreign payments. But under such a system it is nearer the truth to say that the price in dollars set by the treasury determines the value of gold, than that the value of gold determines the value of the dollar.

One result of the present policy is that the United States has had to take billions of dollars' worth of gold that it does not need or want. Today (January, 1941) our gold stocks have passed the \$21,000,000,000 mark. This is close to three-fourths of the world's total monetary gold, and is nearly three times the total amount of money in circulation in the United States. But if our government refused to buy all the gold offered at the rate of 13.71 grains to the dollar, the price of gold would drop, and the gold equivalent of the dollar would rise to 15, or 20, or 30 grains. How we shall solve this problem no one knows. It is possible that future changes in world conditions may reverse the gold flow. It is also possible that ultimately we shall have to reduce the treasury price of gold, or cut the dollar completely loose from a fixed gold value.

### **The Quantity of Money and the Quantity of Bank Deposits.**

So far in our discussion, for the sake of simplicity, we have talked as if inflation were chiefly a matter of increasing the amount of money in circulation. Actually, however, inflationary movements in the United States have more often been the result of changes in the volume of bank deposits than changes in the amount of money. We shall now turn our attention to the subject of banking, and discuss, among other things, the tendency of bank deposits to expand and contract, and the problems which this creates.

**The Banking Business.** Banking is the business of handling other people's money. Any organization which does this as an important part of its activities is a banking institution. The great service which banking does for business is to collect funds from people who have a surplus, and make them available to individuals and corporations that need them to carry on production. Besides banks, banking institutions include trust companies, investment banking houses, investment trusts, building and loan societies, and life insurance companies.

Like many business enterprises, a bank is a corporation organized

for profit. It has stockholders, and if it is successful it pays dividends. If it receives its corporate charter from the Federal government, it is called a "national" bank. If it receives a charter from the state government, it is called a "state" bank. In either case it carries on two chief activities: receiving deposits and making investments.

The investments of a bank are of two principal types: short-term loans, and securities such as bonds and mortgages. The loans are usually advances to business men made for a period of less than a year. A bank may also hold a limited amount of real estate. Chiefly out of the income from its investments, it must pay its operating expenses and any interest which it allows on deposits. If anything is left over, it can be added to surplus or used to pay dividends.

The deposits of a bank are of two types, demand and time. Demand, or checking, deposits must be paid out whenever anyone presents a written order signed by a depositor. Such an order is called a "check." Time deposits, on the other hand, are payable at some date in the future. Today interest is not allowed on demand deposits, but it is customary to pay it on time deposits. A savings account is a special kind of time deposit built up by bringing in small sums. Unless the bank waives this requirement, it can be withdrawn only after thirty days' notice.

One thinks of a deposit as money in the bank, because the bank will pay it in money. Literally, however, it is not money but merely a right to receive money. This becomes clearer when we keep in mind, first, that a bank seldom has cash equal to more than a fraction of its deposits; and second, that the legal relation of a bank to its depositor is not that of a custodian of money but that of a debtor to a creditor. Of course, to meet withdrawals a bank must keep a certain amount of funds on hand, either in cash or demand deposits in other banks, and such funds are known as "reserve." But a bank with deposits of \$1,000,000 may be able to get along very well with a reserve of less than \$250,000, or 25 per cent; and banks often operate with reserves much lower than this. The reason a bank can get along with so little cash immediately available is that under normal conditions a very small part of its deposits is withdrawn in one day or week. And while some depositors are withdrawing money, others are paying it in, so that on an average the money paid in furnishes the money paid out. Of course, if a

sizable proportion of the depositors asked for their money at one time, a bank would have to sell some of its securities. If all of its depositors asked for their money at once, it would have to close its doors, because it could not turn all its loans and other investments into cash on short notice.

Besides receiving deposits and making investments banks sell travelers' checks, carry out orders for the purchase or sale of securities, maintain safe-deposit vaults, and perform many other services. Since the decline of business and interest rates following 1929, the income of the banks from loans and investments has been so greatly reduced that they have had to depend to a greater extent upon fees for such services. Because small checking accounts seldom pay the cost of carrying them if a bank depends solely on investing the funds which they represent, more banks than ever before are making a service charge of a dollar or so a month on such accounts. Many banks, in addition or as an alternative, make a charge of a few cents for each check which a depositor writes; and it is a very common practice to make a charge for cashing checks drawn on out-of-town banks.

**Bank Deposits as a Substitute for Money.** We have said that bank deposits are not literally money. To emphasize this it is only necessary to point out that in June, 1940, the total amount of money in circulation in the United States was only about \$8,000,000,000, while the banks held deposits of over \$60,000,000,000. But though bank deposits are not strictly money, they replace money to a large extent as a medium of exchange, and for this reason they are sometimes called "bank money." It is estimated that 85 to 90 per cent of all payments in this country are made by check, that is to say, with bank deposits. When, for example, you give Mr. Jones, your grocer, a check for fifty dollars to settle your monthly bill, you are really transferring to him fifty dollars of your bank account instead of handing him fifty dollars in currency.

But you may ask whether checks really replace money or merely put off its use. Will not Mr. Jones take your check to the bank and ask for cash? Of course he may, but usually he will not; and the total amount of money actually paid out to meet the checks written in the United States each day is a very small part of their value. In the simple case where you and Mr. Jones have your accounts in the same bank it is easy to see how he can get paid without any

money being used. When he takes your check to the bank, and deposits it, the bank just subtracts fifty dollars from your account and adds it to his. It is a bookkeeping transaction and no actual money is involved.

If you and Mr. Jones have accounts in different banks, settlement is more complicated, but the chances are still very good that it can take place without the use of money. Only now, when Mr. Jones deposits the check, his bank will have to collect it from your bank. The most direct way of doing this would be to send a messenger to your bank to present it for cash. This, however, is not likely to be done, for in most cities the banks make arrangements for clearing, or settling checks among themselves, at a clearing house. In small cities the clearing house may be a room in one of the banks; in larger cities it usually has special quarters. It is controlled and supported by the banks and its purpose is to settle interbank obligations with the least trouble and expense. But in achieving these results, it also reduces the use of cash to a minimum. Let us take a very simple case as an illustration. Suppose that in a small city there are three banks, A, B, and C. Assume that these banks are about the same size, and that on a certain day, A accepts from its depositors for credit to their accounts \$105,000 in checks drawn on B and \$95,000 in checks drawn on C. B accepts \$100,000 of checks drawn on A, and \$110,000 drawn on C; and C accepts \$105,000 drawn on A and \$95,000 drawn on B. The total amount of checks involved is \$610,000, and the situation which results is shown in tabular form in Table XXXI. The vertical columns show how much each bank owes to each of the other banks. The horizontal columns show how much each bank has coming to it.

TABLE XXXI

	<i>Bank A Owes</i>	<i>Bank B Owes</i>	<i>Bank C Owes</i>	<i>Total Claims of Each Bank on the Others</i>
Bank A has coming		\$105,000	\$95,000	\$200,000
Bank B has coming	\$100,000		\$110,000	\$210,000
Bank C has coming	\$105,000	\$95,000		\$200,000
Totals owed by each bank to the others	\$205,000	\$200,000	\$205,000	

At the end of the day or early the next day each bank sends a messenger to the clearing house. When the messengers have ex-

changed checks, each possesses those drawn on his own bank. Later, of course, these checks will be charged to the accounts of the depositors who drew them. The messengers now find that banks A and C each owe a net debt of \$5000. On the other hand, bank B has a claim of \$10,000. To settle all the interbank obligations it is only necessary for banks A and C to pay in \$5000 apiece to the clearing house, which then has the required \$10,000 with which to pay bank B. This means that \$10,000 of actual cash is sufficient to settle claims totalling \$610,000, because for the rest the claims cancel out against one another.

While sometimes a larger and sometimes a smaller part of interbank debts can be canceled through the clearing house, the balances which the banks must actually pay are usually a small part of the total. In the old days such balances were often transferred in actual cash. Today, however, they are usually paid by bank drafts.<sup>1</sup> In Chicago, for example, the clearing house banks all keep deposits in the local Federal Reserve bank, and settle what they owe by giving the clearing house their own drafts against their Reserve bank accounts. The Reserve bank then completes the settlement by making in its records the proper transfer of deposits from the banks paying in the drafts to the banks which have funds coming to them. Thus the transfer of actual cash is eliminated even in settling clearing-house balances.

**The Creation of Bank Deposits.** We have already pointed out that the total amount of bank deposits in the country is several times greater than the amount of money in circulation. But are not bank deposits created by taking money to a bank? And if so, how can there be more deposits than there is money? We shall see later that taking money to a bank is not the only way to create a bank deposit, but even if it were, bank deposits could still multiply until they were several times greater in amount than the money used to create them.

Suppose you deposit \$10,000 in cash in your bank. What does the bank do with your money? Let us say that it lends the actual cash to Mr. Smith, the owner of a men's clothing store. Mr. Smith has just bought \$10,000 worth of goods for the spring trade from his wholesaler, Mr. Brown, and he uses the loan to pay this debt.

<sup>1</sup> A check drawn by a bank against its deposit in another bank is called a "bank draft."

What does Mr. Brown do with the money? Nine chances out of ten he deposits it in his bank, and the same \$10,000 of cash has now created \$20,000 in deposits, \$10,000 for you and \$10,000 for Mr. Brown. There is no definite limit to the amount of deposits this same \$10,000 can create, for the process we have described can be repeated over and over again. Of course, as we shall explain later, the deposits of a banking system cannot go on expanding forever; yet as long as the banks have more cash than is necessary as reserve against their deposits, they can keep lending it to people, and most of it will soon come back to them to create more deposits and provide the basis for further loans.

But the creation of a bank deposit is often the direct result, not of bringing in money to a bank, but of borrowing from it. Suppose Mr. Peterson, a shoe manufacturer, borrows \$50,000 from his bank to buy leather. The chances are that he will not take it in cash but will ask his bank to add it to his account. When the bank does this it actually creates, by merely making entries in its books, \$50,000 in deposits that did not exist before. The extra \$50,000 that Mr. Peterson has to spend does not reduce either the cash or deposits of anyone else. Of course, when he begins to draw checks against this fund, most of them will be cashed or deposited in other banks, and his bank will have to pay adverse clearing-house balances larger by this amount. However, the deposit created by him when he made the loan is not wiped out. It is only transferred from him to other people, because most of his checks, or their proceeds in cash, are redeposited by those who receive them.

Not until Mr. Peterson repays his loan will the deposits created by it be canceled. After the leather which he bought has been manufactured into shoes, and he begins to sell them, his bank account starts to grow. Finally his loan comes due and he finds he has a deposit of \$50,000. He gives his check for that amount to his bank. His loan is canceled and so is his \$50,000 deposit. No one else has it. In effect it has vanished into thin air.

**Bank Deposit Expansion and Contraction.** The bank deposits of the people of the United States have been subject to wide fluctuations. From June, 1923, to June, 1929, they increased from about 41 billion to nearly 54 billion dollars, or 32 per cent. From June, 1929, to June, 1933, they declined to about 38 billion dollars, a loss of 30 per cent. From June, 1933, to June, 1940, they rose



again 58 per cent, reaching a total of over 60 billion dollars, the highest amount on record. Usually fluctuations of bank deposits are the direct result of similar changes in the volume of bank loans. But why should there be wide fluctuations in bank loans?

Let us take first a case of expansion. Suppose that a period of business recovery is well under way. Profits are good, and businessmen are in an optimistic frame of mind. New opportunities for the profitable use of funds continually appear. Naturally there is a constantly increasing demand for loans from the banks. The banks, caught up in the general spirit of optimism, lend freely. Loans expand and, of course, deposits expand. But expanding deposits are a cause as well as an effect of greater prosperity, for by increasing purchasing power they further stimulate the demand for goods. Prices and profits rise still higher, and this in turn brings a still bigger demand from business for bank loans. Meanwhile, speculation in real estate and securities develops and the banks furnish the funds for this too. Because the banks by lending furnish constantly increasing amounts of deposits, people are able to pay higher and higher prices for land and stocks. But this cannot go on forever; there is a limit to the reserves of a banking system. When deposits become so large that the reserve ratio of cash to deposits is dangerously low, the banks have to stop increasing loans, and this stops the increase in deposits. Speculators have more and more difficulty in finding funds to pay high prices, and at last the price rise stops. Likewise the increasing demand for goods is checked, and industrialists who have built new factories to take care of an expected increase in sales find that it does not materialize.

The whole situation is now reversed. Speculators begin a frantic scramble to sell their securities, real estate, and commodities for any price they can get. Projects for business expansion, like new factories, are abandoned. Unemployment increases and the demand for consumers' goods declines. Prices and profits drop sharply. Solvent businesses pay off their bank loans and do not replace them with others because they see no opportunities to use the funds to advantage. The banks begin to fear that some borrowers are not good risks, and so they refuse to make them new loans when the old ones are paid off. Bank loans shrink, and along with them bank deposits. Now of course this contraction of bank

deposits is a result of business contraction; but it is also a cause. It means the destruction of a large part of the funds that would otherwise be available to pay wages, buy raw materials, and buy goods for consumers.

While fluctuations in deposits are most frequently a direct result of fluctuations in bank loans to business, they may also result from changes in bank holdings of securities, especially government bonds. From December, 1933, to December, 1935, bank deposits in this country expanded over ten billion dollars, and the principal cause of this increase was the purchase by the banks of great quantities of government bonds. These bonds were being newly issued to raise funds for relief. Purchase by the banks of such bonds tends to increase the total bank deposits of the country by an equal amount. Suppose, for example, a bank buys \$100,000 worth of bonds and pays for them in cash taken from its reserves. The government gets the \$100,000, but the cash and bank deposits previously in the hands of the public are in no way reduced. In the course of time the government spends the money and it is added to the amount in circulation. But most of it soon reaches people who return it to the banks. The banks now have their \$100,000 back again, but in being returned to them it has created \$100,000 of bank deposits which were not in existence before.

A third important cause of changes in the volume of bank deposits is imports and exports of gold. If, say, \$10,000,000 in gold is imported, bank deposits are increased by approximately that amount; if it is exported, there is a corresponding decrease. The reason gold imports increase the total bank deposits in the United States is that they represent payments to our citizens, or a shifting of the funds of foreigners to this country. In either case the funds involved are likely to be deposited in American banks. During the last few years gold imports have been the principal cause of a considerable increase in deposits. From December, 1937, to June, 1940, bank deposits in this country expanded by some \$8,000,000,000, and all but about \$1,000,000,000 of this increase can be explained by a net addition of over \$7,000,000,000 to our gold stocks.

If the right kind of control could be established over bank loans and deposits, our economic troubles should be fewer. If we could prevent overexpansion in a period of prosperity, a speculative

boom with its inevitable collapse might be avoided. If we could check contraction in a period of declining business, depressions should be much less severe. In the prosperous period of the twenties, it was the banks that furnished the funds for the stock market speculation. In the ensuing period of depression, it was contraction of bank loans and deposits that destroyed a large part of the funds that should have been available to buy raw materials, buy goods for consumers, pay wages, and provide the community with income. The importance of this problem of stabilizing loans and deposits can scarcely be exaggerated.

**Bank Credit and the Problem of Control.** To control bank loans and deposits is to control bank credit. Credit is the power to borrow. When a bank receives deposits it is in a sense borrowing, for it takes title to the money received and becomes a creditor of the depositor. For this reason bank deposits are often termed "bank credit." On the other hand, when a bank makes loans, instead of receiving credit it is extending it, and so the term is also used to mean bank loans. Since, however, the two are so closely related, we shall use bank credit to include both deposits and loans.

Half of the problem of controlling bank credit is to prevent overexpansion in times of prosperity. The other half is to prevent contraction which might contribute to depression. Neither of these objectives is easy to attain, but to check a contraction, once it is well under way, is especially difficult. While some power over bank credit is in the hands of the Secretary of the Treasury, the principal controls are vested in the Board of Governors of the Federal Reserve System. And so, at this point, we shall interrupt our discussion of credit control to describe the structure and functions of the Federal Reserve System.

**The Federal Reserve System.** The Federal Reserve System was created by the Federal Reserve Act of 1913. Under this act the country was divided into twelve districts, in each of which a Federal Reserve bank was established. These Federal Reserve banks are sometimes called "bankers'" banks. Except for performing services for the government, their chief business is receiving deposits from and making loans to other banks. All national banks are required by law to join the system, and state banks may join. While there is still a large number of state banks which do not

belong, Federal Reserve member banks now hold over two-thirds of the country's total deposits. The stock of each Reserve bank is owned by the member banks of its district, but general control of the Federal Reserve System is in the hands of the Board of Governors in Washington. This is a body of seven men appointed by the President of the United States.

The principal purposes for which the Federal Reserve System was designed are two: (1) to give financial support to the member banks, and through them to business, in times of stress, and (2) to regulate the quality and quantity of bank credit to serve the best interests of business. Before the days of the Federal Reserve System, if a crisis developed in which everybody seemed to be asking the banks for cash, there was no quarter to which a bank could turn if its reserves were nearing exhaustion. If it sold bonds it would take heavy losses, because all the other banks would be selling too, and prices would fall sharply. Nowhere in the banking system was there an adequate reserve of cash to meet emergencies. Now, however, a member bank with good assets can borrow more cash from its Federal Reserve bank in time of need. Formerly, too, there was no central authority exercising any restraint on such overexpansion of bank credit as might bring on a crisis; and each bank in good times, wishing to increase its profits, was likely to make more loans than was safe. But now, as we have already mentioned, the Board of Governors has some powers of control.

The member banks of the Federal Reserve System are required by law to maintain certain minimum reserves, but instead of keeping them in cash in their own vaults, they must keep them as deposits in a Federal Reserve bank. The percentages required vary according to the kind of deposit against which the reserve is held, and also according to the importance of the town in which a bank does business. At present 5 per cent is required against all time deposits, but on demand deposits the ratios are as follows: (1) for "country" banks, that is, those in the smaller towns and cities, 12 per cent; (2) for "reserve city" banks,  $17\frac{1}{2}$  per cent; (3) for central reserve city (New York and Chicago) banks,  $22\frac{3}{4}$  per cent. To a member bank these reserve deposits are as good as cash because they can be withdrawn in cash at any time. However, a bank makes every effort to maintain its legal reserve intact,

because if it fails to do so it is subject to penalties. If necessary, it builds up its reserve account by borrowing from the Reserve bank. In order to do this, it must give satisfactory collateral for the full amount of the loan. This collateral is generally government bonds, or commercial paper in the form of promissory notes and other credit instruments which the bank has received from businessmen.

When extending a loan the Reserve bank usually credits the member bank's deposit account. Against member bank deposits the Reserve bank itself is required to hold 35 per cent reserve in the form of gold certificates or lawful money.<sup>1</sup> The law does not permit the paying out of the gold certificates, so when the member bank wishes to withdraw in cash what it has borrowed, the Reserve bank generally issues and pays out Federal Reserve notes. To the member banks and the public these notes are money, but in form they are merely promises of the Federal Reserve banks and the government to pay money. They are, of course, not redeemable in gold, but only in other forms of paper money, or small coin and silver dollars. When a Federal Reserve bank issues notes it must be able to back them 40 per cent with gold certificates, and 60 per cent with government bonds or acceptable commercial paper.

The ability to make loans by crediting the accounts of member banks, or issuing Federal Reserve notes, enables the Reserve banks to lend much more than they could if they had to pay out gold certificates. \$1,000,000 in gold certificates will furnish the required 35 per cent reserve against \$2,850,000 of deposits, and so enable the Reserve banks to lend member banks the latter amount in the form of deposit credits. And even if the member banks want cash and not deposits, it will furnish the necessary 40 per cent gold certificate reserve for issuing and paying out \$2,500,000 in Federal Reserve notes. Because of this power of the Reserve banks to issue notes far in excess of their own reserves, our currency is often said to be *elastic*. The money supply can always be "stretched" to meet any ordinary demand from the member banks for additional cash.

**Some Inflationary Possibilities in the Present Situation.** We have seen that the Reserve banks can make loans two or three times as great as their surplus reserves, the exact amount depend-

<sup>1</sup> As used here "lawful money" includes all forms of money in active circulation except Federal Reserve notes.

ing on whether the advances are made in the form of Federal Reserve notes, or credits to the member banks' accounts. But this is by no means the end of the process of expansion. We started with \$1,000,000 of gold certificates in a Reserve bank. Suppose that, on the basis of this, \$2,500,000 is lent to the member banks. If there is a strong demand for loans from business, they will then be able to build up their own loans and deposits to an amount considerably greater. For, as we have already explained, any money lent by the banks is usually returned to them to create new deposits, be lent again, to be returned to create still more deposits.

The possibilities of inflation in our existing monetary and banking structure are much greater than is generally recognized. To make even a rough estimate of these possibilities would require very careful analysis of many complex factors. In December, 1940, the Federal Reserve banks themselves held reserves, above legal requirements, of \$12,000,000,000. In addition, the member banks held excess reserves of not far from \$7,000,000,000. In the January, 1941, *Federal Reserve Bulletin*, the Federal Reserve authorities estimated that the excess reserves of the member banks alone were sufficient basis for more than doubling the existing supply of bank credit. That such an expansion would cause a great rise in prices, and create a tremendous amount of speculation, there can be little doubt.

All that is needed to develop such large-scale inflation is a sustained business recovery, plus a Federal Reserve policy of encouraging bank credit expansion. If the war goes on, rearmament and the policy of aid to Britain are likely to carry business to higher levels than any ever known before. However, on the basis of present evidence, it seems unlikely that the reserve authorities will encourage any great expansion of bank credit. On the contrary, it is probable that they will do what they can to check it.

**The Control of Bank Credit.** In general there are two ways in which the Federal Reserve authorities can control bank credit. The first is to specify the kind and amount of loans and investments which a member bank can make, or the kind of security it must require. For example, the banks may be forbidden to lend more than 50 per cent of the market value of stock collateral, if the money is being borrowed to finance speculation. The second way of controlling credit consists in regulating the amount of member

bank surplus reserves. It is in this second type of control that we are chiefly interested, and we shall explain briefly three methods that are used to make it effective.

1. The Board of Governors has the power to raise and lower the *rediscount rate*, or the rate of interest which the Federal Reserve banks charge on loans to member banks. Obviously if the member banks have to pay a high interest rate they will be less willing to borrow from the Reserve banks in order to lend to their own customers. On the other hand, a low rediscount rate will encourage them to borrow in order to expand their loans. But changes in the rediscount rate are effective only when the member banks need Federal Reserve funds. If they have plenty of surplus reserves of their own, the rediscount rate becomes unimportant.

2. When the rediscount rate is not effective in controlling credit, *open market operations* may be resorted to, that is, the Federal Reserve banks may buy or sell securities such as government bonds. Such sales are not under the control of the individual Reserve banks, but are regulated for the whole system by a special body called the "Federal Open Market Committee." This is a committee of twelve, consisting of the Board of Governors plus five members elected by the Reserve banks. When the Reserve banks sell bonds, the money they receive comes out of the reserves of the member banks, and therefore reduces the power of the latter to lend to their own customers. This is obviously true if the member banks themselves buy the bonds. It is equally true if the bonds are paid for by check by depositors of the member banks, because then the Reserve banks present these checks to the member banks for payment. On the other hand, of course, when the Reserve banks buy bonds, the money they pay out for them increases the reserves of the member banks, and so increases the lending power of the latter.

3. Since 1935, the Board of Governors has had the power to change member bank legal reserve requirements. Up to that year these were fixed by law, and could be changed only by Congress. On demand deposits they averaged, for different classes of banks, about 10 per cent. But the Banking Act of 1935 gave the Board of Governors the power to set them at any figure between this and an average of 20 per cent. To illustrate the effect of raising reserve requirements, let us suppose that a bank has \$1,000,000 in deposits

and that the reserve ratio is only 10 per cent. To cover this will require only \$100,000, and if the bank actually has \$200,000 of reserve, it can lend half of it. But if the Board of Governors raises the required ratio to 20 per cent, the bank will have to retain the whole \$200,000 and will not be able to expand its loans at all.

None of the methods of control just discussed gives the Reserve authorities adequate power over bank credit under present conditions. The reason for this lies in the \$7,000,000,000 of excess reserves held by the member banks themselves. How could these excess reserves be reduced if it became important to check an expansion of loans and deposits? Changing the rediscount rate would not do it. Sale by the Reserve banks of four or five billion dollars' worth of government bonds would do it, but the Reserve banks do not own enough of these bonds to sell them on such a scale. Raising member bank legal reserve requirements would also do it, but these requirements already average about 17 per cent, and under existing law can be raised only 2 or 3 per cent more. That would not be nearly enough. It might be necessary to raise them at least 10 or 15 per cent.

There is no doubt that the Reserve authorities are aware of the danger of inflation of bank credit. On the last day of 1940 they submitted to Congress a series of proposals designed to restrict future expansion. The most important of these proposals was a recommendation that minimum and maximum legal reserve ratios on demand deposits of member banks be doubled. If Congress should act favorably on this recommendation, it would be possible to raise average reserve requirements on demand deposits to about 40 per cent, and that is probably a higher ratio than would prove necessary.

Although we have made some progress in the direction of controlling bank credit, the problem still remains difficult. First, no one can be sure just what amount of loans and deposits will best serve the interests of the country. Second, as we have seen, the existing control powers of the Reserve authorities are limited. Third, insofar as the banks can be deprived of excess reserves, expansion of loans and deposits can be checked; but providing the banks with plenty of reserves will not cause loans and deposits to expand if businessmen are not interested in borrowing. Fourth, public policies not dictated primarily by monetary or banking con-



siderations may bring some development, like large-scale government borrowing, which will greatly affect the volume of bank deposits. But the fact that the problem of credit control is difficult does not mean that we can safely ignore it. Modern monetary and banking systems cannot be trusted to regulate themselves. To work even passably well they must have good management by a central authority.

**The Protection of Bank Deposits.** In a country where 85 per cent to 90 per cent of all payments are made by check, business cannot be carried on without a breakdown unless bank deposits are reasonably safe. In the past, deposits in the United States have not been safe in any period of severe business recession. From 1929 to 1933 withdrawal of cash by depositors, because of fears that the banks could not keep up payments, was a powerful factor in forcing further contraction of bank loans and deposits. This in itself destroyed much of the purchasing power of the nation. But still more demoralizing was the actual failure of more than 5000 banks in the years 1929 to 1932 inclusive, and the complete destruction or tying-up of all their deposits. This meant not only tragedy for individuals, but also paralysis of trade and industry.

Many suggestions have been made for increasing the safety of bank deposits, and several of these have been carried out. Some critics have attributed our banking troubles to lack of adequate supervision. The states provide for examination of state banks to see that they observe the law, and the Federal government provides for examination of national banks. In recent years more rigid regulation of banking has been provided for, and the examinations have been made more strict. Probably if all banks were required to belong to the Federal Reserve System, supervision would be still more effective. Some people attribute our numerous bank failures to the fact that so many of our small banks lack adequate capital, and officers of real ability. One of the chief remedies suggested for this is to extend branch banking. The large city banks would have offices in the smaller communities, and the small banks would be forced out of business, or made into branch offices. Some states do permit branch banking, and in such states national banks also may operate branches.

Perhaps the greatest advance of all in the direction of making bank deposits safe was the creation in 1933 of the Federal Deposit

Insurance Corporation to guarantee all deposits up to \$5000. Under the present laws, all member banks of the Federal Reserve System must belong to this corporation, and state banks may belong if they wish. However, after July 1, 1942, state banks with deposits of over \$1,000,000 are to be deprived of the privilege of belonging to the FDIC unless they join the Federal Reserve System. To provide funds to pay the depositors of any bank which may fail, each bank in the plan must pay to the FDIC one-twenty-fourth of 1 per cent of its deposits semiannually.

While there is no doubt that this plan gives complete safety at the present time to such deposits as it covers, many bankers and economists doubt whether it will work in the long run. They argue that it tends to make depositors disregard the quality of a bank's management, because they feel their deposits are safe anyway, and so it helps poorly run banks to grow. Ultimately, in some future depression, this may make losses so heavy that the FDIC will not be able to meet them. They point out, further, that various states have tried similar plans in the past, and that they failed because sooner or later the losses exceeded the available guarantee funds. On the other hand, the defenders of the plan argue that by insisting on conservative practices, and maintaining high standards of bank supervision, a breakdown can be avoided.

#### TERMS TO BE UNDERSTOOD

money	national bank
medium of exchange	state bank
standard of value	bank deposit
hoarding	demand deposit
barter	time deposit
standard metal money	savings deposit
token money	check
bank note	reserve
government note	legal reserve
clipping	surplus or excess reserve
quantity theory	clearing house
inflation	bank draft
gold standard	bank credit
paper standard	commercial paper
gold reserve	Federal Reserve note
fiat money	rediscount rate
gold dollar	elastic currency
bank	branch banking

## QUESTIONS FOR DISCUSSION

1. Why is money essential to our existing economic order?
2. What gives money value? Does your answer apply to both standard gold money and irredeemable paper?
3. Could there be any circumstances under which increasing the amount of money in circulation would not raise prices?
4. What money standard is best? Why?
5. What kind of money standard does the United States have today?
6. Why did so many people believe that devaluing the dollar would raise the price level? Why did prices actually rise so little?
7. How does one pay a bill with one's bank deposit? Does a bank deposit replace money or just put off the use of money? Explain.
8. How much bank deposits can \$100 in cash create? How can a bank deposit be created without cash?
9. Is there any limit on the ability of the banking system to create deposits by expanding loans?
10. What are the principal causes of changes in the volume of member bank deposits?
11. Explain why the Federal Reserve System was organized.
12. What limits the power of the Federal Reserve banks to lend to member banks?
13. Should the volume of bank credit be regulated? Explain the different methods by which the Federal Reserve authorities attempt to control bank credit.
14. Is there any danger of extensive bank credit inflation in the United States?
15. Is the present method of insuring bank deposits entirely satisfactory? Why or why not?

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## CHAPTER XIX

### THE BUSINESS CYCLE

**The Nature of the Business Cycle.** In the summer of 1929, America was at the top of a period of extraordinary prosperity. Security prices, national income, and the volume of industrial production had reached unprecedented levels; and employment and the prices of urban real estate were close to an all-time high. Optimism and confidence pervaded the business world and, on the whole, the optimism seemed to be justified, for while conservative businessmen recognized that real estate and stock speculation had gone beyond reasonable bounds, other phases of the prosperity seemed to rest on firm foundations. People had more money than ever before, people bought more goods than ever before, people lived better than ever before; and though this increased well-being was accompanied by feverish speculation in stocks and real estate, it was not, as in former periods of prosperity, accompanied by an inflationary rise of wholesale commodity prices.

Students of business conditions who had retained any sense of perspective knew that in time there must be some downward readjustment of real estate and stock prices; but even they, for the most part, believed that only a moderate drop would be necessary, and that it would not have any very serious effect on business in general. The consensus of opinion was that we were in a new era. The writer recalls listening to a well-known teacher of business forecasting, in 1928 or 1929, express at some length his belief that we had reached a permanently higher level of business activity than ever before. Business fluctuations, to be sure, could still be expected, but they would, he thought, cover shorter periods of time and be less severe than in the past.

But, as everyone now knows, we were living in a fool's paradise in 1929. In October of that year there was a spectacular break in the stock market; and that was only one of a long series of developments which, in 1932, brought us to the greatest depths of depression in our

entire history. In 1929 the Standard Statistics Company index of stock prices averaged 190.3. In 1932 it had dropped to 48.6. In 1929 the Federal Reserve index of industrial production averaged 119. By 1932 it had dropped to 64. In 1929 the national income was about \$80,000,000,000. In 1932 it was only \$47,000,000,000.<sup>1</sup> We have, in this country, no satisfactory unemployment statistics. It is probable that even in 1929 there were large numbers of unemployed, some estimates running as high as three or four million. But by 1932 unemployment had reached the huge total of twelve to fifteen million, about a quarter of our entire labor force.

To one not familiar with our civilization it might seem that such a vast shrinkage in production, income, and jobs as occurred between 1929 and 1932 must have been the result of some great natural catastrophe, like the destruction of most of our factories by an earthquake. Actually, of course, nothing of the sort had occurred. We had more equipment for industry and a larger labor supply than ever before. The trouble was simply that we were unable to organize economic activity in such a way as to keep our labor and equipment busy in the production of goods. The great contraction in business in the years following 1929 was merely a phase of that curious phenomenon of modern life, the *business cycle*.

Changes in business activity are of three principal types: (1) *seasonal*, (2) *secular*, and (3) *cyclical*. Seasonal fluctuations result not only from the fact that crops must be planted and harvested at certain times of year, but also from certain social conventions and habits, like the custom of making gifts at Christmas or wearing new clothes at Easter. Because most crops are harvested in late summer general business activity reaches a high level in the fall, when the crops are being shipped and stored, and the farmers are spending their money. On the other hand, because of the Christmas and Easter holidays, retail trade reaches its highest levels in December and in the spring. By secular movements we refer to those upward or downward trends in business activity that cover long periods of years, and result from changes in population, wealth, and technology. Ever since America's first settlement, the secular trend has been upward, because our population has been growing, we have been accumulating wealth, and our technology has been advancing.

<sup>1</sup> *Economic Almanac*, National Industrial Conference Board, New York, 1940.

By cyclical fluctuations we mean those rather marked upward and downward movements of business that continue from one to several years and that we associate with the terms prosperity and depression. But to determine the direction and extent of cyclical movements we must first make allowance for seasonal movements and the secular trend. If there is normally a seasonal decline in business in November, but in a certain November it is less than usual, that is an indication that the cyclical movement is upward. Again, if there is reason to believe that the secular trend is upward, but in a certain year no rise occurs, that is an indication that the cyclical movement is downward.

A business cycle consists of a complete upward and a complete downward swing, the one succeeding the other. Which should be considered to come first is a matter of choice or opinion. For some purposes it is convenient to begin with the upward movement. A business cycle is usually thought of as having four phases. If we start at the close of a period of very restricted activity, the following

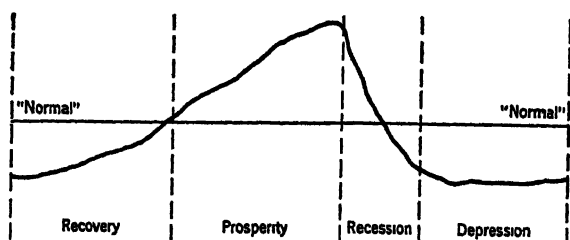


FIG 27. A "TYPICAL" BUSINESS CYCLE

I	II	III	IV
<i>Recovery</i>	<i>Prosperity</i>	<i>Recession</i>	<i>Depression</i>
<p><i>At the beginning:</i>            Unemployment,            low wages            Production of durable goods at            very low level            Low prices            Labor efficient because jobs are at            a premium and only best workers get them            Management effi-</p>	<p>Employment increases until labor shortages begin to develop            Wage rates and interest rates rise, first slowly, then faster            The general cost of producing goods also rises, first slowly, then faster</p>	<p>Profits decline and losses develop            Business men contract operations            Stocks of goods are thrown on the market to cut losses or in order to meet obligations            Production of industrial equipment and all</p>	<p>Employment falls, but at a decreasing rate            Wage rates fall            Bank loans and deposits decline and reserve ratio rises            Demand for funds small, and interest rates fall            Many firms operate at a loss</p>

FIG. 27 — *Continued*

I	II	III	IV
<i>Recovery</i>	<i>Prosperity</i>	<i>Recession</i>	<i>Depression</i>
cient because of struggle to avoid losses	Prices rise, first more, later less than costs	durable goods declines very sharply	Volume of business declines more and more slowly
Debts small, interest rates low, bank deposits low, bank reserves high, funds plentiful	Profits increase, first sharply, later at a decreasing rate	Employment declines	Stocks of goods decrease
Stocks of goods at low levels	Inventories and speculative stocks of goods are accumulated	Prices decline	Some buying becomes necessary as stocks are exhausted
Low costs encourage investment in buildings and industrial equipment	Optimism carries security and real estate prices to high levels	Buyers wait for still lower prices	Prices finally reach bottom
Returning confidence in the future	Interest rates are high at first, later decline	Business failures numerous	Latent demand for replacement of durable goods accumulates
<i>During the period:</i>	Heavy losses to investors and banks through decline in real-estate and security values	Pessimism spreads through the business community	Costs of production at low level
Increase in employment, payrolls, production of durable goods, and business in general	Near the end, construction of buildings and production of industrial equipment increases		Business men gradually begin to hope that the worst has been seen
Prospect of rising markets stimulates enterprises	Less and finally decreases		
Exploitation of new inventions	Funds become scarcer, bank loans and deposits grow, and cash reserve ratios drop to a low level		
Prices, bank loans and deposits, and interest rates begin to rise			

Individual cycles have unique elements, just as every student has unique qualities, or rather a unique combination of them. Some of the *common* elements are stated in this outline. The unique elements may be caused by a war or its aftereffects, by especially good crops, by new business practices such as instalment sales, by special political activities, or by other "external" factors

Diagram and accompanying description adapted from materials used in Social Science I course, University of Chicago



rise is called "recovery." This merges into a period of high activity called "prosperity", and this, in turn, is followed by a period of decline called "recession"; and finally, we complete the cycle by returning to that low level of activity known as "depression."

Figure 27 is a diagram representing a typical business cycle, with the principal characteristics of its different phases listed beneath. The student should familiarize himself with these characteristics before reading further in the text.

Some people think that it is misleading to apply the term "cycle" to the business movements under discussion, because to them cycle implies a uniformity of movement which does not exist. If business cycles covered definite periods of time and attained uniform intensities, it would be easy to foretell their course. Actually, however, they follow such irregular patterns that attempts at forecasting them have met little success. A cycle may cover anywhere from three to twelve years, and both the upward and downward swings are likely to be interrupted by minor movements in the contrary direction. The extent of such movements and the time required by them vary so greatly that their significance can only be determined afterwards. When business starts to decline, we can never be sure at the time whether we are witnessing a minor interruption of an upward trend, or the beginning of a long period of recession. Even the major swings vary greatly in intensity in different cycles. For example, measured by the drop in industrial production, the decline in business from the summer of 1929 to the fall of 1932 was more than twice as severe as any other cyclical contraction in our history.

But if we cannot defend the term "cycle" on the basis of the uniformity of business fluctuations, we can defend it on the ground that the very nature of our economic system seems to bring about a definite alternation of periods of expansion and contraction. Once expansion gets well under way it causes further expansion, or becomes cumulative; but finally it generates the very forces that stop it and then reverse it. Then, when contraction gets under way, it too becomes cumulative, and in turn generates forces which stop it, and which ultimately start a new upward movement.

**Measures of Business Activity.** In recent decades a great deal of progress has been made in the statistical measurement of the level of business. Not only do we have dependable figures on a number of industries and on different kinds of transactions, but we also have

indexes which average some of these together to give us a picture of the level of economic activity as a whole. In many cases, however, because the parts of our economic system are so closely related and are all affected by the business cycle, changes in a single business activity are a pretty good measure of changes in the level of economic activity in general.

One of the oldest and most widely used of business indicators is pig iron production. Iron and steel are used in so many different ways, and in so many different industries, that any considerable increase in the output of pig iron is likely to reflect or forecast increasing production in a wide range of industries. Sometimes the output of steel ingots is substituted for that of pig iron. A second widely used index of business activity is railway carloadings. After allowing for such seasonal influences as the movement of crops, if more cars are being loaded with goods, that means that more goods are being sold, that people have more to spend, and that more goods are being produced. A third index, one of the best because it covers a wide field, is the physical volume of industrial production. The Federal Reserve authorities collect figures on changes of output in a number of important industries, and from these figures they construct a composite index to show changes in the general level of industrial output. Other valuable business indicators include bank clearings and debits<sup>1</sup>; bank loans, deposits, and reserves; employment and payrolls; sales at wholesale and retail; building contracts let; prices; and the national income.

Figures 28 and 29 are two diagrams which should be carefully compared. The first shows changes in the actual production of steel ingots over a period of years. The second shows variations from normal, in the same period, of a composite index of industrial production. Notice that, except for the fact that they are much more extreme, changes in the production of steel ingots reflect to a remarkable degree changes in the general volume of industrial production.

<sup>1</sup> Bank debits are the total of charges made against demand and time deposits at commercial banks. For the most part they represent checks charged against customers' accounts. Since every check is ultimately charged to the maker, bank debits are a measure of the total volume of payments made by check. And since most payments in this country are so made, changes in bank debits are an indicator of changes in the volume of all payments. Complete figures on bank debits are not available, but ever since 1919 the Federal Reserve authorities have collected debit statistics from a large number of reporting cities.

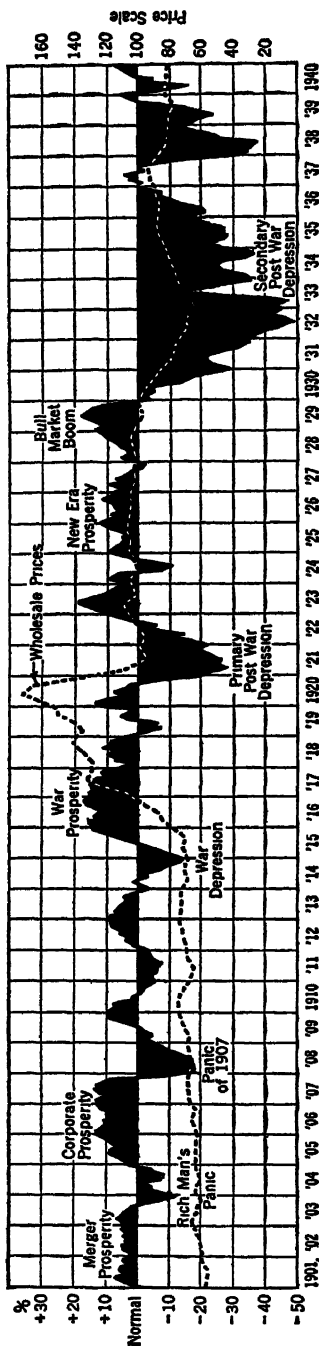
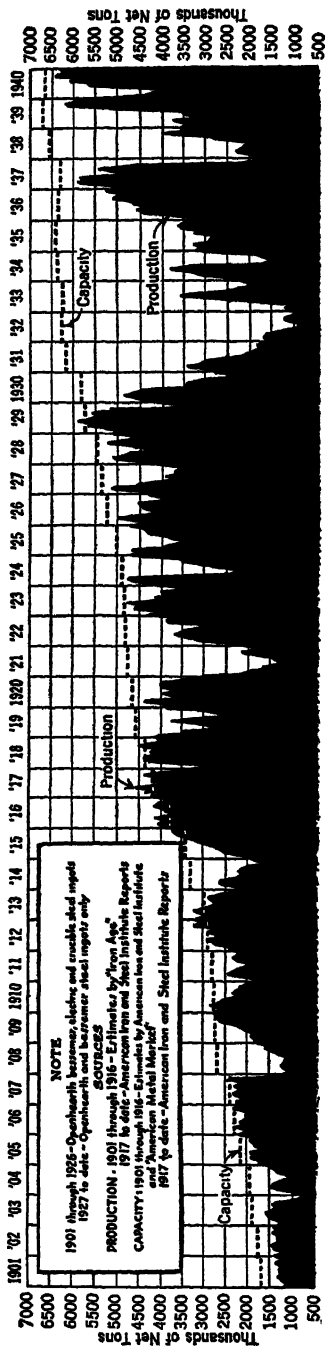


FIG. 28 above. STEEL INGOT PRODUCTION IN THE UNITED STATES, 1901-1940

From *Steel Facts*, American Iron and Steel Institute, New York, Feb., 1941.

FIG. 29 below. AMERICAN BUSINESS ACTIVITY, 1901-1940

(Based on Composite Index of Industrial Production, broken line indicates changes in wholesale prices)  
 Reproduced by permission of the Cleveland Trust Co.

**Causes of the Business Cycle.** Business cycles of the modern type are a relatively recent phenomenon. "Trade" cycles of a sort doubtless existed in the seventeenth century or earlier, but the cycle did not begin to take on its present character and importance until after the industrial revolution.

Fundamentally the business cycle is an outgrowth of specialization and trade. It could not exist in a self-sufficient economy where each family satisfied all, or nearly all, its wants by applying its own labor to materials of its own gathering. In such an economy trade, and fluctuations in trade, would be relatively unimportant. A man would never be unemployed for he would always have the job of working for himself and his family. Any falling off in production would be the result of misfortunes like drought or war, and would have no tendency to be cumulative. But in the modern world we are not self-sufficient. If we are farmers we produce two or three crops; if we are professional men we specialize in some one field; if we are manual workers we perform some service in a factory. We depend on trade. We must sell our goods or services in order to get money to buy the things we need. Nearly all goods today are produced for the market, and markets, some of them halfway around the world, may either shrink or grow for any one of a hundred reasons. But whatever the original reasons, once the market for the products of several important industries has substantially expanded or contracted, the movement tends to spread to other industries. As we have pointed out, for a while it is cumulative, then it runs its course and in time is reversed. Any satisfactory theory of the business cycle must explain two things: (1) why the upward or downward movements of business, once well under way, are cumulative; and (2) what it is that ultimately stops these movements and reverses the trend.

Many of the earlier writers on business cycles had a tendency to seek for a single cause, or at least to emphasize only one factor and largely overlook the others. Some, for example, found the explanation in an alleged tendency of human beings to be subject to alternating periods of mass pessimism and mass optimism. Others thought they could discern weather cycles which brought successive series of good and bad crop years. Still others found the explanation in our monetary and banking system, which seemed to bring about alternating periods of expansion and contraction in bank loans and deposits.

Now all these factors, and more besides, may influence the business cycle; but an adequate explanation cannot be found in any one of them. The causes of the business cycle are multiple, and today nearly all serious attempts to explain it take into account the interaction of a number of factors.

Some of these factors are *external* and some are *internal*. By external factors we mean developments wholly or partly independent of the kind of economic system we have and the way in which it operates. Examples would be droughts, earthquakes, inventions, and wars. Such external disturbances may be the direct cause of upward or downward movements of business, but they do not explain the cyclical character of these movements. By internal factors we mean forces that result from the nature of the economic system itself. For example, in the kind of banking system we have there is a tendency, already referred to, toward cumulative expansion or contraction of bank loans and deposits; but a banking system might be devised in which such expansion and contraction would be impossible.

Now it is often argued that we would not have business cycles at all if external disturbances, or, as they are sometimes called, "originating" causes, were entirely absent. Whether this is true or not, for our present purposes it is sufficient to point out that external disturbances of one kind or another are always present; and that without doubt the number, nature, and intensity of such disturbances largely account for the great differences between cycles. But to understand the essential characteristics of business cycles, and why we have them at all, we must look chiefly to the structure and functioning of the economic system, and to the peculiar way in which it responds to the outside forces which disturb it.

Let us first consider certain rather simple relationships which exist in an economy where people produce goods and services for the market and not for their own use. An increase in the demand for one or more important products, no matter what the reasons, brings an increase in production, an increase in employment, and an increase in wage payments. The increased income of workers in turn brings a further increase in the demand for goods, and so we have under way a process of cumulative expansion. Had we started with a contraction of demand this process would have been reversed. Production, employment, and pay rolls would have declined, with a

resulting further decline in the demand for goods. These relationships do not, of course, completely explain the business cycle, but they do account in part for the cumulative character of the upward and downward swings.

Further light is thrown on the business cycle by observing how changes in costs of production relative to the prices of finished goods affect profits. When the demand for goods is increasing, at first prices will rise faster than costs of production, and profit margins will widen. Costs rise slowly for a number of reasons. One is that manufacturers have on hand stocks of materials already bought; another is that wage rates are notoriously slow to respond to price changes; another is that some costs, like rents and bond interest, may be fixed by contract for a long period of time. The increase in profits induces businessmen to increase production and also to expand plant and equipment to make possible further increases in the future. While the expansion of plant does not immediately increase the supply of consumers' goods, it does increase employment and wages, and thus increases demand and raises prices. But when business approaches full recovery two things will happen to cut down profits: (1) As unemployment is reduced and surplus stocks of raw materials disappear, wages and the prices of materials will rise faster and faster; (2) As new plants come into production the supply of consumers' goods will increase, and the rise in the prices of such goods will be slowed or stopped. Presently profits will be replaced by losses. The whole situation is now reversed. Production of new plant and equipment stops, production of consumers' goods is curtailed, and a cumulative movement of contraction begins.

No explanation of the business cycle can be at all adequate that does not give an important place to psychological factors, especially alternating periods of mass optimism and mass pessimism. Just how important these moods of the public are in guiding the course of business is not easy to judge, for they are both cause and effect. For example, even if a general decline in sales, prices, and profits does not have its origin in fears for the future, once it gets under way businessmen will become more and more pessimistic. Because they expect further decline, they will defer plans for expansion and reduce current production. This action will bring a further decline which in turn will generate more pessimism. And it is, of course,

quite possible that a wave of optimism or pessimism, generated by some occurrence external to the business situation, should itself start an expansion or contraction. But whether or not these mass states of mind are often responsible for initiating cyclical movements, they have two characteristics that greatly influence the course of such movements: (1) once established, they spread to nearly all members of the business community, and (2) they are likely to go to much greater extremes than any rational appraisal of the situation would justify. This is because human beings tend to magnify both their hopes and their fears

Because of the tendency of the business community as a whole either to overestimate or underestimate the future, *speculation* plays an extremely important role in the business cycle. Speculation, as we are using the term, means buying or selling goods in order to take advantage of price changes in the future. Most commonly we think of it in connection with buying commodities, securities, or real estate now in the hope of selling them at a higher price later; but the manufacturer who accumulates unusually large stocks of raw materials in the hope of avoiding higher prices is also speculating; and in some cases speculation involves selling things now in the hope of buying them back later at a lower price.<sup>1</sup>

Speculation not only contributes to the cumulative character of recovery and recession, but it also helps to explain the reversal in trend which takes place at the bottom and top of a business cycle. Suppose we start at the bottom of a period of depression. Contraction has stopped, but pessimism is extreme and there are few indications of recovery. Prices are low. When this situation has continued with little change for a period of time, some people, judging by their past experience, will become convinced that the worst is over and that improvement is only a matter of time. Some manufacturers will, for example, begin building up their stocks of raw materials, in the belief that prices can go no lower and are very likely to rise. This increased demand for materials will tend to bring a rise in prices, and will also increase production, employment, and pay rolls in the industries directly affected. As recovery gets under way, it will be stimulated to an increasing degree by speculation. Rising prices will encourage manufacturers, merchants, consumers, and

<sup>1</sup> Selling stock short is a good illustration of selling to make a profit by buying back at a lower price.

outright speculators to buy more and more goods, in order to avoid paying higher prices later, or in order to sell at a profit. But buying goods ahead has limits. Funds and storage space run low. Many people begin to recognize that prices are reaching a level that cannot be maintained. When the rise slows down, some of those who are holding goods to sell at a profit decide the time has come to unload. Soon others rush to sell. Prices drop. Businessmen who have built up inventories stop buying completely until their inventories are reduced. The demand for goods falls off sharply while the speculative stocks are being used up. Falling prices lead people to expect a further fall in prices. But the downward movement in time loses momentum. Ultimately stocks of goods are reduced to the point where buying must begin again. The fall in prices stops, and before long the stage is set for a new rise.

Most of the fluctuations in industrial production in the course of a business cycle occur in the durable-goods industries, because they are the ones most affected by optimistic or pessimistic expectations for the future. Consumers can generally delay the purchase of durable goods for a long time, and if prices are dropping or people are afraid of losing their jobs, the demand for them may almost disappear. Then, when confidence returns, and large numbers of people who have deferred their purchases reenter the market, demand rises to a level which cannot be permanently maintained. Unlike the demand for durable goods, the demand for perishable goods is relatively stable. We must consume a certain amount of food every day, and since we are unable to keep large supplies on hand we cannot long put off our buying. But if we are thinking of buying something like a new automobile, we can probably put off action two or three years, and meanwhile continue to drive the old one. If we plan to purchase a new house, we can probably wait even longer; indeed, unless the time comes when we have confidence in the future, we are not likely to buy it at all. This power to defer the purchase of durable goods applies to producers as well as consumers. As long as a corporation is engaged in active production it must continue to buy labor and materials; but it can often delay indefinitely the replacement of machinery or the building of a new factory.

So far we have assumed that if rising demand and the expectation of increased profits made it advantageous for businessmen to in-



crease production, they would do so. We have not raised the question of where they would get the necessary funds. But for a cyclical expansion of business to occur, the monetary supply must be elastic; in other words, funds not already in active use must be available. Either some individuals and corporations must have idle sums, in cash or bank deposits, which they can put into active circulation by using them to expand production; or the banking system must be able to create additional deposits by expanding loans. Actually, of course, the funds that finance an upswing of business come from both of these sources.

In a period of depression and in the early stages of recovery funds are plentiful for those whose credit is good, and as a result interest rates are low. These low interest rates are one of the factors that encourage business expansion. But as business activity increases, funds become scarcer and interest rates begin to rise. This rise not only discourages businessmen from borrowing, but it also serves as a warning to the community that the funds available for further expansion are becoming exhausted.

One of the most important of the influences controlling the business cycle is the expansion and contraction of bank credit, and we explained in the preceding chapter the part which it plays. However, fluctuations in the volume of bank credit do not create the business cycle. Their principal effect is to increase the amplitude of cyclical swings. As production and trade expand, and more and more money is required to finance business activity, idle funds in the hands of investors and corporations are gradually put into active use. The exhaustion of these funds would set the limits of business expansion if it were not for the power of the banks to create new funds by expanding loans and deposits. Funds thus furnished by the banks not only make possible a continued rise of trade and production, but they also stimulate speculation by maintaining the rise in commodity, real-estate, and stock prices.

Of course, as has been explained, there is a limit to the power of the banks to expand credit. When no further funds are forthcoming from this source, the rise in production and prices stops. This in itself is pretty sure to start a downward movement of business. But in addition, it frequently happens that after the banks have stopped expanding their loans, there is still an increasing demand from the public for pocket money, so that the cash reserves of the banks,

already low, are reduced still further. This forces the banks to start contracting their loans in order to build up their reserves. Once business is definitely on the downgrade, bank loans decline more rapidly. Solvent businessmen reduce their borrowing because with declining markets they have less need for funds. Other businessmen cannot borrow because they are losing money and become bad credit risks. And just as expansion of bank credit carried the upswing of the business cycle to greater heights than it could otherwise have reached, so contraction of bank credit carries the downswing to greater depths.

Occasionally it is argued that the prosperity phase of the business cycle could be maintained indefinitely if there were no limits to the expansion of bank credit. There are, however, several reasons for believing that this is not true. Unlimited expansion of bank deposits would mean unlimited inflation, with the possibility of ultimately disorganizing all business activity by destroying the value of money. Furthermore, as we have already indicated, when prosperity approaches the point of full employment of labor and equipment, any attempt on the part of businessmen to expand further is likely to bring a sharp rise in wages and the price of materials. This in itself is likely to start contraction by bringing losses to some industries.

But there is yet another reason for believing that an unlimited supply of funds is not alone enough to maintain prosperity indefinitely. In the upswing of the business cycle investment takes place in many industries at a rate which cannot possibly be maintained, not because capital is lacking, but because the demand for the finished product can increase only up to certain limits. To illustrate this let us take the production of factories and machinery for making automobiles. Suppose that at the beginning of a cyclical upswing only half the families of the country have automobiles, and that no factories are being built because the capacity of those in existence is just sufficient to replace the cars that wear out. However, as prosperity increases more and more families buy automobiles. To meet this demand requires the employment of thousands of men to build new factories, and produce new machinery. But suppose that at the end of, say, five years nearly every family that wants a car has one, and some have two or three. No great further expansion of automobiles in use will be possible. In the future, about the only demand for automobiles will be to replace those that wear out, and

the factories already built will be more than sufficient for that. The building of new automobile factories must stop, and the production of automobile-making machinery must be reduced to a replacement level. A great many men are thrown out of their jobs, and consumer purchasing power is curtailed. If this sort of contraction occurs in one industry only, it may be offset by expansion elsewhere. But if about the same time a similar situation develops in other industries, a downswing of the business cycle is almost certain to be precipitated.

Two very important factors in the business cycle, namely, sticky prices and changes in the general price level, have been discussed in an earlier chapter. A rise in the price level stimulates business activity, and contributes to the overexpansion of a boom; a fall, on the other hand, retards activity and helps to bring on depression. A basic reason for this is that when the general price level is rising or falling, sticky prices, like wages and rents, resist change, and so the normal price relationships necessary to maintain a steady flow of trade and production are disrupted. There is some reason to believe that anything which would increase the flexibility of sticky prices or decrease fluctuations in the general price level would help to stabilize business.

**Social and Economic Effects of Business Cycles.** It is generally assumed, and the assumption is probably correct, that the net effects of the business cycle are undesirable. There are, however, those who maintain that in spite of all the problems it creates it is essential to economic progress. It stirs the economic system out of its lethargy. The upswing is a period of confidence and enthusiasm. People are willing to take risks, and this facilitates the introduction of new inventions, new methods, and new products. Jobs are plentiful and workers learn new skills, and move from areas where industry is declining to those where it is growing. Standards of living rise to new high levels. When the downswing comes, of course it cancels many gains temporarily. But, according to the line of reasoning we are following for the moment, it is a necessary evil. It eliminates inefficient firms, obsolescent machines, and outmoded products. In short, it clears out the dead wood that tends to accumulate in the economic system, and thus it prepares the ground for another spurt of progress.

While there is an element of truth in the above argument, there is no way of knowing just to what extent economic progress is a by-

product of the business cycle. On the other hand, the losses that result from cyclical fluctuations are extremely heavy. Probably we cannot and perhaps we should not eliminate these fluctuations entirely, but there is good reason to believe that large social gains would result from any substantial reduction in their intensity.

Perhaps the simplest measure of the economic cost of depressions to the country is the net loss of real income. From 1929 to 1933 the money income of the United States fell from about \$80,000,000,000 to about \$45,000,000,000, or 44 per cent.<sup>1</sup> But the fall in money income exaggerates the real loss to the country, because during this period prices also fell. Valued at 1926 prices, real income declined from about \$83,000,000,000 to about \$62,000,000,000, or only 25 per cent.<sup>1</sup> However, if we add up the annual losses in real income as compared with 1929 for the six years following, we get a total loss of over \$80,000,000,000, or far more than our entire national debt. Now of course it may be argued that it is not fair to make the comparison with 1929, which was a boom year. On the other hand, even in 1929 we were not employing all our labor and resources, and if we had been able to organize our economic life so as to keep most of our resources in use, we could have maintained the 1929 rate of production indefinitely. More than that, we could have steadily increased it as technology progressed and wealth and population grew.

There is no question that the greatest problem growing out of the business cycle is unemployment. If the loss of income in a period of depression were spread out evenly through the whole population, it would still be serious, but would cause no economic or political crisis. Unfortunately, most of it falls on the unemployed, whose incomes are cut off completely. Previous to the great depression of the thirties, many of the unemployed were able to fall back on savings or relatives. Where this was impossible, private charity met their needs after a fashion. But in the great depression industrial unemployment assumed such vast proportions that the only way to prevent mass starvation, or, indeed, revolution, was for the government to step in and assume the burden of relief. The problem was further intensified by widespread loss of savings and investments, and the fact that few workers could find relatives who were in a position to give help.

<sup>1</sup> *Economic Almanac*, National Industrial Conference Board, New York, 1940.

Widespread business failures are one of the characteristics of a major recession; and while it may be argued that it is the inefficient firms that are thus eliminated, this is not always so, because depression creates many conditions quite beyond the power of the individual business to control. In any case, numerous failures tend to deepen pessimism and to disorganize and contract all business activity. As an indication of the extent of failures in a major recession, in 1929 there were about a million and a half retail stores in the United States, but by 1933 the number had shrunk to less than a million.<sup>1</sup>

Closely connected with business failures are losses of savings and investments. In the preceding chapter we called attention to the loss of deposits through bank failures from 1929 to 1932. Other major sources of loss were corporate failures; the great decline in security prices on the stock market; the decline in real-estate prices; defaults on real-estate bonds because of the shrinkage of rental incomes; and defaults on the bonds of foreign governments.

Of course the shrinkage in incomes and property values in a depression cuts down government tax receipts, and that just at a time when government units are being faced with the problem of finding funds for the relief of unemployment. Not only are the assessable values of property and incomes reduced, but many taxpayers find themselves unable to pay the taxes assessed. Under such conditions it is impossible to effect sufficient economies in normal government expenditures to furnish funds for relief, and so resort must be had to borrowing. From the end of 1931 to the end of 1939 the debt of our Federal government increased from about \$17,000,000,000 to about \$40,000,000,000. In many cases, local governments were unable to borrow, and so their employees experienced payless pay days or accepted tax warrants in lieu of money.

The burden which the business cycle places on the community can by no means be measured solely in terms of property and income losses. Unemployment, for example, means more than loss of income. It means loss of skills through disuse; malnutrition of children; often loss of self-respect and disintegration of character. Furthermore, the business cycle is a great source of uncertainty to the businessman, the investor, and especially to the worker. This

<sup>1</sup> *Economic Almanac*, National Industrial Conference Board, New York, 1940.

uncertainty turns a good deal of business energy into speculative channels which are socially unproductive, like the real-estate and stock market speculation of the twenties. What is more serious, it is a major source of economic insecurity to millions, and so contributes in no small measure to the worries and the wear and tear of life.

**Meeting Depression Problems.** It is, as has been indicated, the depression phase of the business cycle that creates really acute social problems. If we could eliminate periods of great depression, we could avoid these problems; but up to the present, depressions seem to have become more rather than less severe; and so we must be prepared, when they come, to reduce as best we can the hardships of those most affected.

The impact of depression on private business can be softened somewhat by efficient and conservative management. When business is good a firm can build up its surplus account to meet probable losses in periods of depression. It can also avoid needless expansion that might later saddle it with the cost of maintaining idle plant. And, when it has the choice, it can raise capital by selling stock rather than bonds; because in a period of depression, when profits have disappeared, bond interest must be paid but stock dividends can be omitted.

But private business can do little to meet the larger social problems that arise in a major depression. The losses of depression are so great, and they affect so many people, that only the government has the power and the funds to alleviate them. They fall on the businessman, the investor, the bank depositor, the home owner, the farmer, and the wage earner. Hardly anyone escapes them completely.

The actions of our government in the years following 1929 illustrate some of the things that can be done to relieve the hardships which depression brings. Although the unemployed presented the chief problem, and to help them the government developed an extensive program of public works and direct relief,<sup>1</sup> aid was also provided on a large scale for other groups. This was done partly in the hope of encouraging recovery, and partly to meet urgent needs. Next to the industrial workers, the group that suffered most from the depression was the farmers. Their troubles

<sup>1</sup> This program is one of the principal topics of Chap. XXV.

grew out of very low prices for farm products. These cut down their power to purchase manufactured products, and made it extremely difficult for them to meet payments on mortgages. To refinance farmers who were under financial pressure, a government agency called the Farm Loan Corporation was created. But the principal measure for aiding the farmers was the Agricultural Adjustment Act (AAA). Under this measure emphasis was placed on raising the prices of farm products by reducing production and taking "surpluses" off the market. Although the AAA was finally declared unconstitutional, similar policies have been continued under the Soil Conservation Act and the Farm Act of 1938.

There is little doubt that the government's farm policies have helped the farmers, at least temporarily. On the other hand, it is doubtful if they have contributed to the recovery of business in general. The increased purchasing power of the farmers has been offset by other factors. For one thing, in some parts of the country the decreased production of crops has reduced employment in agriculture. More important, higher prices for crops have not only somewhat reduced the purchasing power of the bulk of the population, but they have also contributed to the shrinkage of our foreign markets.

Though the program of our Federal government for aid to various groups hurt by the great depression began to take form in the Hoover administration, most of it was part of the New Deal policies inaugurated by Franklin D. Roosevelt when he became president in 1933. It was far too extensive a program for us to discuss all of its aspects here. However, two of the agencies created deserve special mention: the Reconstruction Finance Corporation (RFC), and the Home Owners Loan Corporation (HOLC). Both were government-owned corporations provided with capital by appropriations of Congress. A principal purpose of the RFC was to stave off a complete collapse of business by making loans to banks and other corporations which were judged to be fundamentally sound but which were in urgent need of cash. The purpose of the HOLC was to refinance, on favorable terms, home owners who were in danger of losing their properties through foreclosure proceedings.

**The Control of Business Cycles.** Attempts to mitigate the effects of depression are at best treating the symptoms rather than

the disease. If we could eliminate major depressions by eliminating the business cycle, we should have gained much. But in a capitalistic or free enterprise economy, it is doubtful if business fluctuations can be prevented entirely. So long as productive enterprises are privately owned, and the owners are free to decide what and how much to produce; so long as consumers are free to spend their incomes as they please; just so long are we likely to have alternate periods of expansion and contraction. Any realistic discussion of controlling cyclical fluctuations should therefore be concerned, not so much with their complete removal, as with the possibility of so reducing their amplitude that they will not create serious problems.

We have pointed out that the principal effect which the expansion and contraction of bank credit have on the business cycle is to magnify both the upward and downward movements. The regulation of bank credit is, therefore, one of the most hopeful directions from which to approach the problem of business-cycle control. In the preceding chapter we discussed this problem from the standpoint of efforts of the Federal Reserve authorities to keep expansion and contraction within reasonable bounds. A more positive policy, and one which has often been urged, would be for the reserve authorities to use their powers over both money and bank deposits with the definite purpose of stabilizing the general price level. To what extent they could do this is open to some question, but it might be worth trying. Another approach to the problem of business-cycle control would be to make certain radical changes in our banking system which would prevent any cyclical fluctuation in the volume of money and bank deposits combined. We shall not attempt to explain here how this result could be achieved. The best known plan is that recently presented in some detail by Professor Irving Fisher in his book *100 Per Cent Money*.<sup>1</sup>

Since it is the industries producing durable goods that expand and contract most during the business cycle, anything that would stabilize the production of things like automobiles, houses, factories, and railroad equipment would greatly reduce cyclical swings. But industry is not able to maintain production if demand falls off. An automobile maker, for example, has neither the storage space nor the funds to produce cars month after month for addition to

<sup>1</sup> Irving Fisher, *100 Per Cent Money*, Adelphi Company, New York, 1935.



stock. And so far, no one has been able to present any very convincing plan for solving this problem. Perhaps if the government took over all the durable-goods industries production could be stabilized. But that would be a long step toward government socialism, and we cannot be certain that the desired result could be achieved.

However, when a contraction in the production of durable goods occurs, there are some things that the government can do to offset it. One is to develop a public works program. The greatest obstacle here is finding money to construct public works on a sufficient scale to counterbalance the contraction of private industry. Because of this difficulty of raising funds, while public works have been resorted to as a depression measure in this and other countries, there is no clear evidence that they have ever been on a sufficient scale to bring recovery. For the most part, they have merely mitigated the effects of depression.

The government might, of course, try to stimulate the production of durable goods by subsidizing private industry. Suppose, for example, the government should offer to contribute 20 per cent of the cost of all new houses. This might stimulate a great deal of construction, at much less outlay than a similar amount of public works paid for entirely by the government would require. That this method has not been used in the United States is probably due to the opposition of real-estate owners who fear that this kind of "government competition" would reduce rentals and values of existing properties.

If the government constructs public works, the money spent gives income to many people. The same thing, for that matter, is true of money spent for relief. But if the money is raised by taxes, there is no net increase in community purchasing power, for the increased incomes of one group mean decreased incomes for another. For government spending to be most stimulating to business, the money should be raised by selling bonds. If the bonds are sold to banks, there is a net increase in the volume of bank deposits; if they are sold to investors, the funds paid for them are likely to come out of hoards that would otherwise have been idle. In either case, when the government spends funds it has borrowed, the national income is raised and the total demand for goods is increased.

Large-scale government spending in a depression is usually

undertaken primarily to give jobs, or direct relief, to the unemployed. However, there is also the hope that it may "prime the pump" of private business, that is, start a recovery movement which will become cumulative. At first glance, and knowing what we do of the nature of cyclical movements, it would seem likely that such would be the result. But as a rule, there are serious obstacles. For one thing, if private business is still contracting, government spending may not be on a sufficient scale to offset the downward trend. For another, price relationships may be seriously dislocated, and may not readily readjust themselves. Indeed, the demands of government projects for labor and materials may make the situation worse by raising costs of production for private industry. Then, too, the very fact that businessmen know that improvement in conditions is the direct result of government spending and a growing public debt, may impair confidence, and so check further expansion.

We can scarcely leave the subject of business-cycle control without emphasizing two other basic factors. (1) In general, the more flexible the economic system is, the more readily will it make adjustments to dislocations, and the shorter and less intense will be depressions. That is one reason why it is desirable that prices should be flexible rather than sticky, and why it is important to check monopoly and encourage competition. And (2) the less the economic system is exposed to disturbances which dislocate normal relationships, the less severe cyclical movements are likely to be. The most disorganizing disturbance to which the modern economic order is subject is war. It follows that if we could devise some plan for maintaining peace in the world, the business cycle might be a much less serious problem than it has been in recent decades. For there is, of course, no room to doubt that both the boom of the twenties and the depression of the thirties were in large measure an aftermath of the first World War.

#### TERMS TO BE UNDERSTOOD

business cycle	recession
seasonal fluctuations	depression
secular trend	external factors
recovery	internal factors
prosperity	speculation
pump priming	

## QUESTIONS FOR DISCUSSION

1. Could the high level of prosperity in 1929 have been maintained? Why or why not?
2. How do seasonal, secular, and cyclical business movements differ? How can one distinguish cyclical movements from seasonal movements and the secular trend?
3. Describe the business cycle. What justification is there for calling it a cycle?
4. Why are the following good indexes of business activity: production of steel ingots, railway carloadings, bank clearings or debits.
5. Explain the relation of the business cycle to specialization and trade.
6. Which are more important to an understanding of the business cycle, the external or internal factors? Why?
7. Give as many reasons as you can for the cumulative nature of the upward and downward movements of the business cycle.
8. Give as many reasons as you can for the reversal of a cyclical movement; (a) after a rise, (b) after a decline.
9. List as many as you can of the economic and social losses that result from the business cycle.
10. To what extent can private business meet the problems of depression?
11. Do you approve of the government program for aiding the farmers in the depression? Why or why not?
12. Do you think there is any hope of reducing cyclical fluctuations in business? What method would you try first? Defend your choice.

## FOR FURTHER STUDY

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## CHAPTER XX

### WORK AND WAGES

Labor includes all human effort, mental or physical, that contributes to the production of economic goods or services. The remuneration for labor is called "wages." Sometimes wages are referred to as salaries, fees, or commissions. The term "wages of management," often misunderstood, merits discussion here. In some cases, a manager has no share in the ownership of a business; he is a hired employee and his wages consist only of wages of management. In other cases, the hired manager's contract may stipulate fixed wages of management plus a bonus (a share of profits) if profits exceed a certain amount. And again, when the manager has capital invested in the business, his income consists (first) of interest on his investment, (second) wages of management, and (third) profit if there is any residual. In this last instance, the manager is self-employed.

A worker may be self-employed either as manager or ordinary laborer or both. If the owner of a single proprietary grocery store spends some of his time as a clerk and gives the remainder of his time to management, he is self-employed both as clerk and manager, and his accounting records should show that he receives both wages (as clerk) and wages of management. And of course he also receives interest and profits (if any are made). Owners in a partnership or in a corporation may likewise be self-employed. Physicians, lawyers, and other professional workers may also be self-employed; also farm owner-operators and tenant farmers fall in this category. In Table XXXII, self-employed workers are included in the first two groups listed.

**The Characteristics of Labor.** Labor, like land and capital, is a factor in production; and, like these other factors, labor is bargained for in a market — the labor market. It is in this sense that labor is properly referred to as a commodity, for the price of labor (wage) is determined by the demand for labor on the one hand and

the available supply on the other. But labor differs from other commodities in many respects. Because it is human it is sensitive to the conditions under which it is used. It responds to psychological influences, the suitability of work to one's class or skill; the propriety of employment of women, children, immigrants, prisoners; the adequacy of the wage to afford a satisfactory standard of living. Too, labor is immobile. Frequent changes of locality are expensive and often necessitate difficult and undesirable social readjustments. And finally, labor is highly perishable for it cannot be stored up for future use, as can some other commodities.

It can readily be seen, therefore, that on the supply side the labor market is not thoroughly organized. On the demand side, also, there is uncertainty due to seasonality of some products, technological advance, the cycle, and at times, wage disputes. Labor supply is partially organized through union activity, public and private employment offices, and legal controls such as that of the Fair Labor Standards Act. Consequently, in the large industrial areas and in times of continued business prosperity, a labor market, in the true sense, does exist; that is, the forces of supply and demand are at equilibrium and one price prevails for each type of work or skill. But in smaller communities and in some agricultural regions, the labor market is not well organized, with the result that wages lack uniformity and are inadequate for a good level of living.

In the attempts to compile labor statistics in these years of scarcity of work, some confusion has arisen as to what constitutes employment or unemployment. In the Unemployment Census of 1930, conducted by the Department of Commerce in conjunction with the regular decennial census, a person was classified as unemployed if he was "without a job, able to work, and looking for a job."<sup>1</sup> In their canvass persons were considered as having jobs if they had been laid off but expected to return to their former jobs; that is, these persons were not "looking for jobs." Obviously the exclusion of this group distorted the facts. In labor statistics compiled by other authorities, a person is classed as unemployed if he is able to work and willing to work, yet is without a job because of lack of work. In this discussion of work and wages, we shall use this latter definition of unemployment, and we shall classify a laborer as

<sup>1</sup> *Census of Occupations*, U S Bureau of the Census, Washington, D C, 1932

employed when he is performing a contract to aid continuously in the production of economic goods, at prevailing wages and hours.

**Classes of Wage Earners.** An analysis of the laboring population on the basis of skills and income will show that wage earners fall into four or five fairly distinct groups.

Taussig's classification of laborers, which is widely accepted, is as follows:<sup>1</sup>

1. Unskilled: manual workers in all industries and agriculture whose tasks require practically no skill.

2. Semiskilled: manual workers who have acquired sufficient skill to operate the simpler tools or machines of factory, mine, or farm.

3. Skilled: craftsmen of the building trades, steam railroads, metal trades.

4. Clerical and semiprofessional ("white-collar"): office and clerical workers, sales people, teachers of minimum training.

5. Superior or professional: industrial leaders, professional people of rank, higher public officials.

These labor groups are generally noncompeting. This is especially true of the upper classes, where specialization dominates. It is less true of the two lowest groups, which might be combined into one. This permanency of stratification is due to (1) differences in native abilities and (2) inequality of opportunity, or the accident of birth into a lower or a higher economic group. But in a democracy such as ours, many conditions are favorable to the leveling of barriers between labor groups: our free public schools; more rigid enforcement of compulsory school attendance; the lower age limit to labor; the decrease in immigration; the increase in power of organized labor; and the continued democratizing effects of our government and laws.

In connection with the classification of workers, it is helpful to study the following table, in which Mr. Alba M. Edwards of the Bureau of the Census lists the number of workers by economic groups.<sup>2</sup>

<sup>1</sup> Frank W. Taussig, *Principles of Economics*, The Macmillan Co., New York, 1939, II: 235-237

<sup>2</sup> Stein, Davis, and others, *Labor Problems in America*, Farrar & Rinehart, Inc., New York, 1940, p. 23.

TABLE XXXII  
NUMBER OF GAINFUL WORKERS IN VARIOUS ECONOMIC GROUPS, 1930\*

<i>Economic Groups</i>	<i>Male</i>	<i>Female</i>
1. Professional persons . . . . .	1,497,934	1,447,863
2. Proprietors, managers, and officials:		
a. Farmers (owners and tenants) . . . . .	5,749,367	262,645
b. Wholesale and retail dealers . . . . .	1,675,193	111,854
c. Other proprietors, managers, and officials . . . . .	1,735,336	131,145
3. Clerks and kindred workers . . . . .	4,877,235	3,072,220
4. Skilled workers and foremen . . . . .	6,201,542	81,145
5. Semiskilled workers . . . . .	5,448,158	2,529,414
6. Unskilled workers		
a. Farm laborers . . . . .	3,746,433	646,331
b. Factory and building construction laborers . . . . .	3,248,622	125,321
c. Other laborers . . . . .	2,871,744	31,321
d. Servant classes . . . . .	1,026,240	2,312,657

\* This compilation includes unpaid family workers on farms, numbering 1,660,000.

**The Demand for Labor and the Wage Rate.** In our profit-motivated industrial system, the business manager estimates his demand for labor in the same way that he estimates his demand for land and capital, on the basis of his anticipated sales of the goods produced by these factors, with a profit resulting therefrom. He pays rent, interest, and wages as prices for the productivity of land, capital, and labor, and he will not use an increasing amount of any or all of these factors unless he feels sure that by so doing he can increase his profit. The demand for labor is therefore determined largely by the productivity of labor.

Let us assume that a certain manager has added ten employees to his labor force, one or two at a time, paying them the wage then prevailing in the market. He hired these ten extra workers because he was reasonably sure that the additional output due to their labor could be sold in the market at such a price that he could pay the wages of these ten new workers as well as all other expenses, and yet have an increase in profit.

Of course as the manager increased the number of workers he found that the output contributed by each additional worker was less than that of the one preceding. He would expect this decrease, in accordance with the law of diminishing returns. (See Chap. XVI.) In fact the profit was large enough that it seemed advisable to add another worker.

Now the manager's estimates show that the output of an additional (an eleventh) worker would be sufficient at least to pay for this worker's wage and other costs necessary in increasing the output. The manager may not make a profit on the output of this eleventh worker, but he is certain he will not sustain a loss. This additional laborer is called the "marginal laborer," since he adds to the output sufficiently to cover the costs of this extra output, including his wage. The term "marginal worker" may also be explained by saying that whether the manager hires this marginal worker or not, the net result is the same. If the marginal worker is added, no gain is made; if he is not added, no loss results. The marginal laborer merely pays costs, including his wage.

But the manager will not add another laborer, a twelfth, for his estimates show that the value of the output of a twelfth worker would be less than the cost of adding this worker. The experiment of this manager demonstrates the principle that wages tend to equal the marginal productivity of labor.

While this tendency exists in the wage market, often it is overtaken by other forces, such as the advantage of an employer in an overcrowded labor market, say at the depth of a depression. At such times wages are often lower than the marginal productivity of labor in relation to the retail price of the article produced. On the other hand, labor may through the strength of unionism maintain such high wages that labor productivity is questioned. In spite of exceptions, however, the principle of marginal productivity of labor is fundamental in importance. Studies reported by President Hoover's Research Committee on Social Trends show that the per capita output of labor rose steadily from 1899 to 1927 which was a period of increase in wages; and it is believed that since 1927 the productivity of labor has continued to increase.<sup>1</sup>

**Labor in Competition with Land and Capital.** One of the decisions for which the entrepreneur is responsible is that of determining the relative proportions he will use of each of the factors of production. Labor must therefore compete with land or capital or both. In a new country where land is cheap, the farmer will use more land and less capital and labor. But with increasing population, land becomes more valuable and labor relatively cheaper.

<sup>1</sup> President's Research Committee on Social Trends, *Recent Social Trends in the United States*, p. 805.



The farm manager will then cultivate less land, but he will cultivate it more intensively by using additional labor and often additional capital for machinery. Finally, machinery or capital in some other form may be used increasingly, with a corresponding decrease in labor. During the last twenty-five years, this competition between labor and capital has become intense. Many analysts, including labor leaders, believe that the increased use of machinery has diminished, proportionately, labor's share of the national income. This means that the total purchasing power of labor is lower, which in turn accounts for the inability of industry to sell an increasing output at the level of prices commonly maintained.

**Wages and the Business Cycle.** The demand for labor is seriously affected by the cyclical movement. A review of Chap. XIX will show that labor prices, or wages, are thrown out of adjustment during a business cycle, along with the other prices. At the beginning of a recession wage rates are well maintained, due to the influence of unions, or the attitude of employers who do not relish the criticism that accompanies wage cutting, or government appeal such as that of President Hoover, who urged in 1930 that employment and wage scales be continued as usual. This steadiness of the wage scale at the beginning of a recession is referred to as a lag in wages, one that is apparently beneficial to labor.

However, most industries will soon lay off workers, though they retain the original wage scale, so that the net result for labor as a whole is a decrease in income and purchasing power. Then as the recession continues and employers are realizing net losses, they will be forced to cut wages. Unionism weakens at such times, which makes it easier for managers to cut their labor forces.

When recovery begins, employers usually will not increase wages simultaneously with increases in retail prices or profits. Hence, there is again a lag of wages, this time detrimental to labor, as industry takes a considerable increase in margin of profit before granting an advance in the wage scale. This explains why the upswing of the cycle is commonly a period of strikes. In their effort to secure an adjustment of wages to other prices, laborers are compelled to use collective bargaining, and they must resort to the strike if more peaceable methods fail.

It must be remembered that there is a large group of workers, including public officials and those in the higher positions in indus-

try, whose salaries are more or less fixed. In the long run, this group is not seriously affected by the cyclical movement.

**Money Wages and Real Wages.** If a man earns a yearly salary of \$2000, that amount is his money wage, but his real wage is the total quantity of goods and services that he can purchase with that salary. Real wage is wage expressed as purchasing power, and may at any given time be more, or less, or approximately equal to the money wage, depending upon (1) what year is assumed as a base, and (2) the stage of the business cycle then existing. In Chap. XIX it was shown that the purchasing power of money fluctuates widely between times of prosperity and depression. Many statisticians use 1926 as a normal year, or 100 per cent. The year 1932 was the low of the great depression, with a price level of 65 per cent compared with 1926. (Bureau of Labor Statistics index of wholesale prices.) In 1940 we were more prosperous, as indicated by the April index of 78.6 per cent.<sup>1</sup>

In the following schedule we note the fluctuations in real wages or purchasing power when money wages remain unchanged. (For 1940 we approximate the index at 80.)

TABLE XXXIII

<i>Year</i>	<i>Money Wage per Month</i>	<i>Price Index Based on 1926</i>	<i>Real Monthly Wage</i>
1926 . . . .	\$200	100%	\$200
1932 . . . .	200	65	307
1940 . . . .	200	80	250

*Formula:* Money wage divided by price index equals real wage or purchasing power.

*NOTE:* The purchasing power of the dollar is the reciprocal of the price index.

The next schedule shows how money wages can be adjusted to the price level so as to keep real wages or purchasing power steady.

TABLE XXXIV

<i>Year</i>	<i>Money Wage per Month</i>	<i>Price Index Based on 1926</i>	<i>Real Monthly Wage</i>
1926 . . . .	\$200	100%	\$200
1932 . . . .	130	65	200
1940 . . . .	160	80	200

*Formula* Money wage divided by price index equals real wage, or real wage multiplied by the price index equals money wage.

<sup>1</sup> *Labor Information Bulletin*, Bureau of Labor Statistics, Washington, D. C., June, 1940.

Real wages are the true measure of one's level of living. In order to keep real wages steady we need, somehow, to control the business cycle. If commodity prices cannot be kept in line, then labor prices (wage scales) might be made adjustable. The wage scales required under the Fair Labor Standards Act (see page 572) are not adjustable, yet this legislation is a step in that direction.

TABLE XXXV

ESTIMATED SHARES OF NATIONAL INCOME RECEIVED BY MAJOR INCOME GROUPS,  
SELECTED YEARS <sup>1</sup>

Year	<i>Estimated Percentages of Total Income Paid Out</i>		
	<i>To Wage Earners</i>	<i>To Salaried Employees</i>	<i>To Enterprisers and Property Owners</i>
1910 . . . . .	39	16	45
1918 . . . . .	36	20	44
1921 . . . . .	44	23	33
1929 . . . . .	42	22	36
1932 . . . . .	39	23	38
1935 . . . . .	43	21	36

The table above shows the effect of the business cycle upon the shares of the total national income going to three groups: wage earners, salaried employees, and enterprisers and property owners. One should note that the share of wage earners decreased markedly during the onset of the depression in 1929, while the shares of the other groups increased. Further, the share of the wage earner had increased by 1935, but not at the expense of the other groups, which maintained about the same relative positions that they held in 1929.

**Wages and the Labor Union.** In any industrial capitalistic country of large population, wage earners eventually appreciate that they must form their own monopolistic groups if they would bargain effectively with powerful entrepreneurs. Especially is this necessary where the corporate form of business has brought together large aggregations of workers into single industries as is the case in this country. Wages undoubtedly are higher because laborers have united to increase their bargaining power. Labor unions have contributed to social betterment also by exercising control over working conditions, and by improving the general standard of living through their maintenance of high wage scales.

<sup>1</sup> Carroll R. Daugherty, *Labor Problems in American Industry*, New York, 1938, p. 151.

**The Supply of Labor.** Our total labor supply is increasing at a slower rate due to the gradual decrease in the rate of increase of the entire population of the country and due also to the more rigid restrictions on immigration in recent years. This fact, together with the compulsory retirement age limit, will in time make the unemployment problem somewhat less difficult.

The natural immobility of labor is accentuated by the vast size of our country. Moving costs are necessarily heavy. However, prejudice and narrow provincialism often deter workers from moving though they admit the change would be advantageous. In recent years several factors have tended to decrease immobility: the automobile, the trailer, cheaper rail and bus transportation. The depression itself has compelled many to accept employment in new localities. The Civilian Conservation Corps camps are educating youths to the advantages of life in areas other than their place of birth, which sometimes is a city slum. Perhaps also the federal housing plan might be developed to permit a workman the right to transfer the home equity he has acquired in one region to another region where home ownership is similarly financed.

**Labor Supply and Wages as Affected by Women and Children Laborers.** According to the United States Census of Occupations the women wage-earners ten years of age and over in this country in 1930 numbered more than 10,750,000 as against 2,650,000 in 1880, a 300 per cent increase in half a century.<sup>1</sup> The number of women thus reported in 1930 represented more than a fifth of the total labor supply. The total of women workers has increased since 1930, but not at the same rate.

While a considerable portion of women workers need and demand a wage equal to that of men in the same occupation, the majority of women are content with smaller remuneration. This differential between the wages of men and women is due to the apathy of women toward organization for collective bargaining and to the attitude of many women who want only "spending money" or who, in anticipation of marriage, wish to work only for a short time.

The United States Women's Bureau finds that women in various occupations receive from 50 per cent to 75 per cent of what men

<sup>1</sup> *Census of Occupations* (abstract summary), U. S. Bureau of the Census, Washington, D. C., 1932, pp. 3-5.

are paid.<sup>1</sup> The lower wage level commonly accepted by women works to the disadvantage of men who compete for the same lines of work and, of course, lowers the standard of living for all. Men laborers would be in better position if all women laborers would organize and demand equal pay for equal work, as they have already done in some industries, for employers would then effect no saving by hiring women.

The United States Census data show that the number of children workers between the ages of ten to fifteen inclusive gainfully employed was nearly 2,000,000 in 1910, but had dropped to about 670,000 in 1930.<sup>2</sup> Since then, because of the depression and because of some legislative control, the number has not increased.

About 70 per cent of the number of child workers in 1930 consisted of children in agriculture, which includes those hired for a fixed wage and those who work full time for their parents without any wage contract. The largest percentage of agricultural child laborers is found in ten of the cotton-growing states, while the largest portion of nonagricultural child labor employment is found in the Northeast, Connecticut, Rhode Island, and Maryland leading.

The low wage of child labor constitutes another social problem. Statistics of 1932 show only \$2 to \$4 a week for spinning, delivery work, and similar employment. In the tobacco fields the averages range from 50 cents to \$2 a day.

Women and children workers are classified as "substandard" workers, along with Negro, immigrant, and convict workers. The term "substandard" does not mean that the performance of the task is necessarily inferior. It means rather that these workers are commonly given inferior tasks, paid relatively low wages, and subjected to bad working conditions. Of course many women wage earners are not in the substandard class, but those women who are so classified constitute the largest single group of substandard workers.

In Chap. XXII, attention will be given to legislation affecting women and children in industry.

<sup>1</sup> U. S. Women's Bureau, Bulletin No. 85, *Wages of Women in Thirteen States*, Washington, D. C., 1931, pp. 18, 32

<sup>2</sup> *Census of Occupations* (abstract summary), U. S. Bureau of the Census, Washington, D. C., 1932, pp. 3-5

**Wages and Working Conditions in Agriculture.** We are not concerned here with those farm laborers who are land owners, except to say that farm incomes have never recovered from the short but severe depression immediately following the first World War. During the last two decades, the prices of farm products have not risen comparably with industrial prices. This disparity between agricultural and industrial incomes accounts in part for the low level of wages paid to hired agricultural workers.

In the southeastern states, which are predominantly agricultural, farm labor is so poorly paid that the standard of living is pitifully low. In 1929 the average per capita farm income in the ten southeastern states was \$160, compared to \$340 in all other states. Many sharecroppers and mountaineers exist merely at the subsistence level.

The tenancy system of agriculture prevalent in the South retards progress. The tenant or cropper seldom accumulates any savings, and he is forced to borrow from the landowner, who takes a lien against the crop. When the crop, usually cotton or tobacco, is sold and the landlord is paid, the tenant has little left, or in fact he may still be indebted to the landlord. Thus he continues in the bondage of debt.

Strangely, these farm workers cling to this type of life, which accounts in part for the fact that the farm population in the South still constitutes nearly 45 per cent of the total population whereas the percentage for the entire country has dropped to about 25 per cent. However, if more of these farm laborers should transfer to industrial occupations in the South the effect would be to depress still further the wages in southern industries. In some instances the southern industrial laborer receives only one-third the wage paid in the North for the same type of work. It is expected that a differential in wages should exist between the two regions due to the lower cost of living in the South, but the differential often is too great.

In other sections of the country the agricultural laborer is often of the migratory type. Between crop seasons he may move to an industrial center and there compete with other low-priced labor for the scarce job.

Very little progress has been made in the unionization of farm labor and except for small areas of intensive farming such as fruit

growing and canning-crop areas, there may never be any great success in organizing this large and scattered group of workers.

**The Problem of Unemployment.** During the decade following 1930 the unemployment situation developed rapidly into one of the major socioeconomic problems of the nation. Many people have the impression that the unemployment problem did not exist prior to the great depression. This erroneous idea will be dispelled by studying the following data.

From the Report of a Committee of the President's Conference on Unemployment, 1929,<sup>1</sup> we learn that unemployment exclusive of office workers and agricultural labor ranged from 1,400,000 to 4,270,000 during the decade of the twenties. In 1927, as we approached the pinnacle of so-called prosperity, the number was 2,055,000. Hornell Hart<sup>2</sup> shows that the number of unemployed in the urban centers of the United States was never less than a million during the years 1902-1917; that the average for the period was two and a half million; that the average for all nonagricultural labor was 9.9 per cent for this period. Paul H. Douglas<sup>3</sup> shows that the unemployed averaged 8 per cent of all workers in all non-agricultural industries during the years 1890-1926.

In 1930 the total out of work (nonagricultural) was estimated at 3,300,000, and this number increased to 13,000,000 by 1933, the low of the cycle. By 1936 recovery had reduced unemployment to between 8,000,000 and 9,000,000, but in the recession of 1937-1938, the totals mounted again, reaching 11,000,000 or probably more. In its report for March, 1940, the National Industrial Conference Board estimated 9,300,000 workers unemployed.

These data do not include those working part time. In the years of greatest unemployment, many laborers still employed suffered an average reduction of 40 per cent in hours and wages.

At this point it will be helpful to check the preceding quotations on unemployment against the findings of the Enumerative Check Census on Total and Partial Unemployment, conducted by the Federal government as a special census in November, 1937.<sup>4</sup> From

<sup>1</sup> *Recent Economic Changes in the United States*, New York, 1929, II: 478, Table 37.

<sup>2</sup> Hornell N. Hart, *Fluctuations in Unemployment in Cities in the United States, 1902 to 1927*, Cincinnati, 1918, p. 48, Table 1

<sup>3</sup> Paul H. Douglas, *Real Wages in the United States, 1890-1926*, p. 459

<sup>4</sup> "The Enumerative Check Census of November, 1937," *Final Report on Total and Partial Unemployment*, U. S. Government Printing Office, Washington, D. C., Vol. IV, 1938.

the final report of this canvass, we learn that 10,983,000 persons were unemployed. "Unemployed," as here used, included those totally unemployed and emergency workers (those employed on government-made work). In addition, 5,550,000 persons were partly unemployed. The sum of these two figures indicated that in 1937, 16,533,000 persons, able and willing to work, were not satisfactorily employed in regular industrial pursuits. This canvass included all available workers of both sexes between the ages of fifteen to seventy-four.

An analysis of these figures shows that the unemployed constituted about 12 per cent of the total population and about 20 per cent of the working population. The partially unemployed amounted to an additional 6 per cent of the total population and about 10 per cent of the working population. One out of every seven male workers and one out of every thirteen female workers were either unemployed or were on emergency relief work.

The data from this census are helpful as a check against unemployment estimates made by other agencies. Whereas this census reported unemployment of 10.9 million, the AF of L report for the same month showed only 8.5 million; the National Industrial Conference Board reported 7.7 million; and the Alexander Hamilton Institute, 10.3 million. The discrepancies are explained, in part, by the fact that these latter agencies did not make allowance for two new groups having entered the labor market: (1) young workers, and (2) members of families not previously classed as workers who sought employment as family incomes declined.

**Causes for Unemployment.** Broadly, the causes for unemployment may be grouped under two heads: personal and socio-economic.

Personal causes include (1) mental or physical unfitness, including old age, (2) lack of training, (3) unwillingness to work.

Persons suffering from incurable conditions, either physical or mental, are unemployable, not unemployed (by definition). Many who are curable are never restored to earning capacity.

The question of a maximum age limit in industry is becoming increasingly serious with the continuance of a surplus labor supply. The federal law specifies sixty-five as the age for participation in retirement annuities. Nevertheless, studies of various industries indicate a tendency not to hire employees above forty or forty-five,



and if possible to discharge those who have reached older ages, say fifty or fifty-five. In one steel mill it was found that the average age was not far from thirty.

Lack of training may be due to lack of vision, or lack of ambition, on the part of the worker; to absence of compulsory education laws or failure to enforce existing school-age laws; to lack of training courses afforded by free schools; to the workers' lack of funds to pay for training that is not offered in free schools; to lack of cooperation between schools and industrial organization as to training requirements and apprenticeship.

Society always has been burdened with a small element which is habitually opposed to work, but with the added incentive of the dole, the number of persons adopting a "philosophy of idleness" is likely to be increasing.

By far the largest portion of unemployment results from the following conditions which are inherent in our socio-economic system: (1) technological displacement of labor, (2) fluctuations in the demand for labor, either seasonal or cyclical, (3) lack of business planning, (4) inadequate organization of the labor market.

No one questions the fact that temporary displacement of some wage earners is a necessary outcome of changes in the techniques of industry. A progressive society encourages the onward movement of technology, realizing full well that a price must be paid for this progress — the price of temporary unemployment for the surplus workers.

If one accepts the reasoning of orthodox economic theory, one concludes that technological change does not and cannot cause permanent unemployment. Many authorities, on the other hand, cite facts to contradict this theory. President Green of the American Federation of Labor, in a study of figures for the manufacturing industries of the United States, reports that in the years 1919 to 1929 production increased 42 per cent, but the number of workers decreased 7 per cent. Thomas G. Spates finds from the reports of the Federal Reserve Board for the five-year period 1925-1929 that there was a gain in the production of all industries of 26 per cent as compared with the five-year period 1920-1924; but pay rolls increased only 9 per cent and employment only 4 per cent.

Technological unemployment also includes the reduction in jobs resulting from the consolidations of smaller corporations into

larger ones. In the men's clothing industry from 1900 to 1925 statistics disclose a reduction in establishments from 28,000 to 4000, with an increase in output of more than 200 per cent; yet employees decreased from 190 thousand to 175 thousand.

The seasonal fluctuation in demand for labor is based on climate or weather variability, style and fashion changes, the Christmas season, and vacation periods. Statistics reported by the Federated American Engineering Societies give us such data as the following<sup>1</sup>: Workmen in the building industries are busy only two-thirds of the time; plant utilization of garment factories over a three-year period does not exceed 69 per cent of a possible maximum, with only 20 per cent operation during slack seasons; in the bituminous coal industry production ranges from 83 per cent of the average per annum in April to 115 per cent in November; in the retail trade the volume is greater during the Christmas season than at any other time of the year, December ranging 25 per cent more than February, and 30 per cent more than July or August. Laborers who are only seasonally employed form what is termed the "labor reserve." Beveridge speaks of this reserve as "an army created by industry itself and maintained in a state of quasi-permanent unemployment in order that it may be ready to be called upon when the varying demands of competing employers require its temporary services."<sup>2</sup>

The cyclical fluctuation in business is the most serious cause of unemployment. It was estimated in 1933, the approximate low of the great depression, that fully one-fourth of the laboring group was unemployed, an estimated thirteen million workers. As recovery slowly returned, unemployment was reduced, but many workers never were able to return to their original occupations and many others were compelled to move to new localities. Even in 1936 and 1937 when business was approaching the 1926 level of prosperity, the number still unemployed was probably twice as great as in any depression prior to 1933. Again, at the close of 1939, the volume of business exceeded that of any previous high, yet unemployment estimates stood at ten to eleven million, or one-fourth of all employable workers.

<sup>1</sup> Federated American Engineering Societies, *Waste in Industry*, McGraw-Hill Book Co., New York, 1921

<sup>2</sup> W. H. Beveridge, *Unemployment*, Longmans, Green & Company, New York, 1931, p. 70.

Lack of competent planning either for the short run or for the long run is characteristic of American industry. Frequency of failures and small rates of net return on investment attest the fact that individual enterprises need to plan more carefully. Depressions and unemployment are equally convincing proof that we need economic planning on a national scale. A few concerns have, on their own initiative, undertaken to regularize their production and by so doing they are able to guarantee full-time employment to their workers. An outstanding success in this field has been that of the Procter and Gamble Company. But industry as a whole has been apathetic to the rights and needs of labor.

The idea of stabilizing industry on a national scale predates the New Deal. Plans such as those of Mr. Gerard Swope and Professor Charles Beard were brought forth during the prosperous decade of the 1920's. They were favorably received, as plans or theories, but no concerted effort was made by industrial leaders to put the theories into practice.

The NIRA was set up as an emergency measure, and it was not in effect long enough to indicate whether its provisions, if extended, would have had beneficial and permanent results. Many analysts maintain that it would have led to greater monopolistic control within the various industries.

With the NRA nullified, the government resorted to public works projects as a means of creating employment. Much good has come from these undertakings, especially in the preservation of the self-respect of workers thus employed, for otherwise most of them would be thrown upon the dole. However, it seems doubtful whether the present program of public works will eventuate into permanent economic planning.

Unemployment could be appreciably reduced if the labor market were more adequately organized. A shortage of workers may exist in one region coincidentally with a surplus in another. Similarly, in one industry the demand for laborers may be considerably greater than the supply, while in others there may be an oversupply.

Private employment agencies serve only a few workers, those who can afford to pay the heavy fees commonly charged. Need for a nation-wide system of placement bureaus had been recognized for several decades, but no satisfactory plan was established until 1933, when the United States Employment Service was instituted. Its

progress, though slow, has been commendable. Most of the states have likewise been tardy in meeting the problem of placement. Since 1935 there has been coordination between federal and state employment bureaus and the Social Security administration for the purpose of distributing unemployment benefits. In time this national network of placement service should prove to be an effective factor in reducing unemployment.

In this brief introduction to the subject of work and wages one can readily sense the seriousness of our labor problem. Disregarding any impetus to industry afforded by a war program, one may safely conclude that employment for our masses rests, in part, with the willingness of workers to prepare adequately, preferably in more than one of the skills. But in a larger measure the utilization of our entire employable population depends upon the success with which entrepreneurs solve their part of the problem. Our social progress has been outdistanced by our progress in material things. Some analysts maintain that this imbalance is due to lack of competent industrial leadership, that our need is for administrators who are better qualified to grapple with the advances being made in technology. Perhaps a solution may lie in a closer cooperation between laborers and managers. Workers might assume more responsibility for improvement in work routines and supervision. This in turn might lead to a more democratic form of management, with labor represented on the boards of directors of corporations, and with labor likewise honored with appointments to officership.

#### TERMS TO BE UNDERSTOOD

marginal productivity of labor	marginal worker
wages of management	substandard workers
real wages	unemployment
lag of wages	labor reserve
adjustable wage scale	dismissal wage
self-employment	mobility of labor
entrepreneur	technological unemployment

#### QUESTIONS FOR DISCUSSION

1. List arguments to affirm the belief that technological advance causes permanent unemployment; list arguments to refute this contention.
2. If you were the manager of a factory producing children's toys, what methods would you adopt to reduce seasonal unemployment?

3. When is the lag of wages beneficial to the wage earner? When is it disadvantageous? Explain.
4. Using the price indexes given on p 527 what monthly wage would a man have needed in 1932 to give him the same purchasing power that he enjoyed from a salary of \$250 per month in 1926? How much would he need in 1940?
5. Give arguments for and against (a) the employment of women, (b) the employment of children.
6. Do you believe we could develop business planning without resorting to extensive government control or ownership of industrial concerns? Discuss, and give concrete suggestions for planning.
7. In the college you attend, are any courses offered in which there is cooperation between your school and industrial organizations? If so, specify If not, suggest what subjects would afford opportunity to establish cooperation between school and industry for the purpose of apprenticeship training

#### FOR FURTHER STUDY

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## CHAPTER XXI

### LABOR ORGANIZATION

**The Purpose of Labor Organization.** Workers organize for the same basic purpose that motivates associations of manufacturers and other producers, that is, control of the supply of goods or services, and price. In the case of a labor group, this control includes supply of laborers for a given type of work, conditions and hours of work, and price or wage. Whether an amalgamation be composed of manufacturers or workers, it is a monopolistic organization, and any price determined by such a group is a monopolistic price.

In defense of its monopolistic practices, labor has a reasonable argument, one that carries with it far-reaching social implications. Labor's argument for unionization is the weakness of a single laborer in bargaining with the powerful management of modern capitalism. Ever since the advent of the philosophy of laissez-faire, which spread rapidly after the publication of Adam Smith's *The Wealth of Nations* (1776), employers for the most part have had less regard for the welfare of labor. The lower the entrepreneurs can force the wage, the greater their profit. They are not concerned, usually, with improving the standard of living of the worker. Therefore, if laborers, the mass of our population, are to live comfortably and respectably, as they should in a democracy, they must organize for strength in bargaining with the captains of industry.

The immediate aims of the labor union are: (1) to secure satisfactory wages and hours; (2) to improve working conditions; and (3) to guarantee the worker greater security in his job. The long-run aims of unionism include: (1) the betterment of free public education; (2) the promotion of labor legislation if and when necessary; and (3) active participation in all other social reform. So far in America the leading labor organizations have not set up as an avowed aim the formation of a separate labor party.

**Types of Labor Unions.** On the basis of structure and jurisdiction there are today two leading types:

1. The craft union is the oldest form in this country. It is composed of all workers in a certain craft or trade; as, carpenters, barbers, boilermakers, letter carriers, truck drivers, pottery workers, theatrical workers.

Originally "craft union" and "trade union" were synonymous terms, but today the expression "trade union" is used in a general way to refer to any form of labor unionism.

2. The industrial union may be defined as a union of all wage earners in a given branch of industry, without regard to skill or craft; as, mine workers, textile workers, iron and steel workers, cannery and packing workers. In practice this definition is not adhered to strictly, for in many industrial plants, clerical and maintenance employees are not included in the industrial workers' organization. In other cases the word "industrial" is broadly interpreted to cover workers in allied industries; for example, The United Cannery, Agricultural, Packing, and Allied Workers of America draws members from several industries, agricultural as well as manufacturing.

Another type, the company union, merits attention because of its mushroom growth for more than a decade in the late twenties and early thirties. With the rapid development of large-scale industry following the first World War, and with the impetus given by the National Industrial Recovery Act, it became common practice among the automobile, steel, meat-packing, and other large manufacturing industries for the workers employed by any one corporation to be organized into a single union, membership being confined to employees of that corporation. Usually such unions have been inaugurated and fostered by company management. Where a corporation operates several plants, and a union has been formed in each plant, these groups may unite, each thereby becoming a branch of a single union. But beyond such affiliation, a company union has no connection with organized labor, and the corporation officials, therefore, are not compelled to bargain with labor leaders other than those of their own union.

For a time the company union appeared to be a threat to the cause of independent labor organization, but when the CIO instituted its campaign for industrial unionism, the company groups

already organized afforded an entering wedge for the CIO organizers. Under the terms of the National Labor Relations Act, as soon as a majority of the company employee votes could be secured, the CIO could legally absorb the union into the ranks of nationally organized labor. Today most of the workers in the mass production industries are affiliated with CIO or with AF of L, which later competed for these company union groups. It seems probable, therefore, that in the future company unions will constitute only a small and ever-decreasing portion of organized labor.

### **Brief History of Labor Organization in the United States.**

The development of the labor movement in our country may be divided into the following periods:

1. Early developments, 1792 to 1862.
2. Period from 1862 to 1886, including the rise and decline of the Knights of Labor.
3. Period from 1886 to 1935; development of the American Federation of Labor.
4. Period from 1935 to the present; rivalry between the American Federation of Labor and the Congress of Industrial Organizations.

1. *Early Developments in Labor Organization, 1792 to 1862.* The organization of the cordwainers (shoemakers) of Philadelphia in 1792 marks the beginning of trade unionism in the United States, though the real origins can be traced to the guilds of the seventeenth and eighteenth centuries. The first unions were composed of the skilled workers from small shops. Their aims were similar to those of the unions of today: wage and hour adjustments, apprenticeship control, benefits for illness and death. They used collective bargaining and the strike as early as 1799.

Progress was slow during the first decades of the nineteenth century, due to two factors: court decisions, easily secured by employers, that union activities were criminal conspiracies; and the depression following the War of 1812.

With the return of prosperity, unionism took on new life. In 1827 the Mechanics' Union of Trade Associations of Philadelphia was formed, the first city union of all trades. From city unions a national organization evolved, with the first convention of the National Trades Union in 1834. By engaging in political activity, labor achieved some of its aims: the outlawing of imprisonment for debt,



the passage of the mechanics' lien laws, promotion of the ten-hour day, and extension of free schools.

The growth of unionism through the decades of the thirties, forties, and fifties was retarded by the numerous cyclical fluctuations during these years. The National Trades Union did not survive the panic of 1837. Furthermore, the interest of many workers was distracted away from the real issues of unionism by such movements as the producers' cooperative, land reform, the gold rush, the slave question, and socialistic or communistic settlements. However, in the years preceding the Civil War, craft organization revived and flourished. Many of these unions survived the depression of 1857 and the adverse effects of the outbreak of the Civil War, so that when war prosperity came, labor was ready to advance.

2. *Labor Organization from 1862 to 1886.* From 1863 to 1873, the country enjoyed war and postwar prosperity (except for a short recession). Rapid industrial development was accompanied by a comparably rapid growth of the labor movement. Again a national organization was created, the National Labor Union, formed in Baltimore in 1866. However, dissension arose among its members over political issues, particularly the greenback money question, and in 1872 this union disappeared.

Notable during this period was the origin of the railroad workers' unions, the natural outcome of an era of great railroad expansion. (The Union Pacific railroad was completed in 1869.) These early unions of railroad employees were the beginnings of the "Big Four" Railway Brotherhoods, one of the most powerful labor groups in the country today. They cooperate with the American Federation of Labor, but have never federated with it.

This period also includes the most important years of the Knights of Labor, which was organized in Philadelphia in 1869 as a fraternal order of local tailors. Like many other unions of that time, it was a secret order, but it soon abandoned this policy and opened its membership to all laborers. Unlike the then predominant craft type of union, the Knights of Labor accepted membership from any laborer regardless of trade or degree of skill. Particularly did it encourage the organization of unskilled workers, who for the first time were recognizing the benefits to be secured through labor unions. It promoted labor legislation, free public schools, and agitated for the establishment of bureaus of labor statistics. It believed

in arbitration, not the strike, but circumstances compelled it to engage in some of the labor struggles that prevailed following the long depression of the seventies. After its success in the Jay Gould railroad strike, membership in the Knights of Labor reached a height of 703,000 in 1886. The total of all organized workers in that year was 841,000.

After 1886, however, the membership in the Knights of Labor declined rapidly, due to a combination of conditions: failure of the Knights of Labor to support the movement for an eight-hour day; loss in a second strike on one of the Jay Gould railroads; preference of many workers for a type of organization then being introduced by Samuel Gompers and the American Federation of Labor (organized in 1886) which offered greater immediate benefits to members. The Knights of Labor ceased to function about the end of the century. Its history is especially interesting today, in view of the existing struggle between craft and industrial unionism.

3. *Labor Organization from 1886 to 1935.* The leading opposition to the Knights of Labor came from the Federation of Organized Trades and Labor Unions of the United States and Canada, formed in 1881. This federation was composed of (1) craft unions which had refused to join the Knights of Labor, fearing the loss of their identity as separate crafts, and (2) workers who had seceded from the Knights of Labor on the issue of craft unionism vs. general trade unionism. In 1886 the Federation of Organized Trades and Labor Unions united with other craft unions, not previously federated, under the title of the American Federation of Labor. Samuel Gompers of the Cigar Makers' Union of New York was elected president and remained in that position, except for one year, until his death in 1924. William Green succeeded him and has retained the presidency ever since. Before the end of the century the American Federation of Labor had become the leading labor organization, with a membership of nearly a million workers.

The American Federation of Labor is a union of unions, chiefly of the craft type but including also the industrial type. The four large, powerful unions of railroad workers have remained independent, although they work in harmony with the Federation under a kind of nonbinding affiliation. The motto of the Federation is "More Now" and it believes in fighting when necessary for higher wages and better working conditions. The Federation accepts

capitalism and does not seek the destruction of the present economic order. It does not align itself with any political party nor does it believe in forming a separate labor party. It advocates a policy of supporting labor's political friends and opposing labor's enemies. Thus, the Federation strives to solve the problems of labor through economic rather than political action.

The following chart illustrates the structure of the American Federation of Labor. The bulk of the membership is found in the

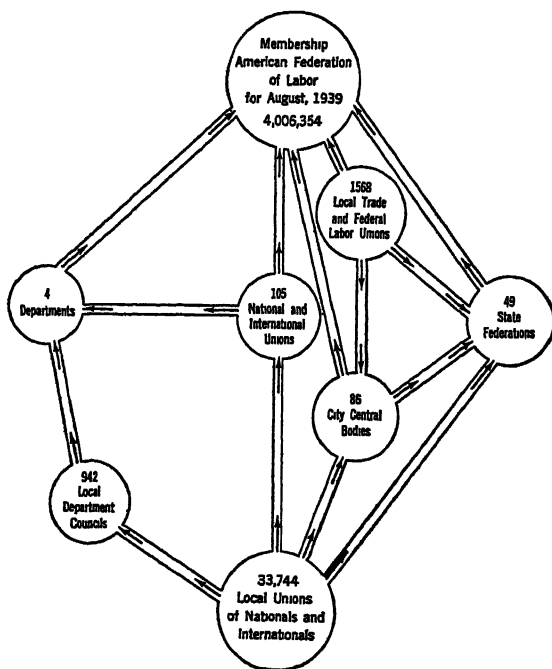


FIG. 30. THE STRUCTURE OF THE AMERICAN FEDERATION OF LABOR

105 national and international unions, which are autonomous, and in their 33,744 subordinate local unions. The local trade unions and federal labor unions, 1568 in number, are responsible directly to the offices of the Federation. They are found in small localities where no national union has yet been formed. In some areas local unions have combined into city central bodies for the purpose of increasing the power of labor in the community. Also, there is a federation in each state. Three of the four departments were created to settle jurisdictional disputes, but in this they have met

with little success. The fourth department was established to promote the use of the union label. The departments cooperate with the local unions through local department councils.

The administration of the Federation is delegated to an executive council which consists of a president, fifteen vice-presidents, and a secretary-treasurer. The powers of the council include organizing of unions, preparation of material for the press, lobbying for labor legislation, settlement of jurisdictional disputes, maintenance of a workers' education bureau, promotion of the use of the union label. The Federation has little power over its affiliated unions. Notably, it can neither call strikes nor prevent them. The looseness of its structure may account at least in part for its inability to prevent the advance of the Congress of Industrial Organizations, and, perhaps, for its failure to curb racketeering.

4. *Labor Organization from 1935 to the Present.* With the upward trend of business in 1933 membership in the Federation increased rapidly, but it was far below its previous high of more than four million in 1920. Federation leaders recognized that the pressing need was for unionization of workers in the mass production industries, such as automobiles, steel, textiles, chemicals. The Federation was also aware of the increasing strength of company unions and employee associations, which had grown from 400,000 in 1920 to more than a million and a half before the end of that decade, and which had reached even larger totals under the regulations of the National Industrial Recovery Act. This Act had required that management confer with their laborers as a group. Farsighted union leaders could see that management would secure increasing control over labor if the Federation did not extend its organization to workers in the large industries.

At the annual Federation convention in 1935 the industrial unionists tried to force the Federation to authorize an immediate organization campaign and to vote for strictly industrial unionism in the mass production industries; that is, the craft unions already established in the mass-production industries would lose their jurisdictional claims upon the craft workers in those industries. This effort was defeated in the 1935 convention, whereupon ten industrial unions formed the Committee for Industrial Organization (still in the AF of L) and elected John L. Lewis as their leader. The AF of L ordered the committee to dissolve, and the com-

mittee in turn offered plans for reconciliation, all of which were rejected by the AF of L. At the 1936 convention, the executive council of the AF of L suspended the ten CIO unions. These included the United Mine Workers (through which John L. Lewis had risen to power); Amalgamated Clothing Workers; International Ladies' Garment Workers; United Textile Workers; Mine, Mill, and Smelter Workers; Federation of Flat Glass Workers; United Automobile Workers; United Rubber Workers; Amalgamated Association of Iron, Steel, and Tin Workers; Oil Field, Gas Well, and Refinery Workers. The total membership of the suspended unions was approximately 1,115,000.

The CIO proceeded with a campaign of organizing industrial unions in the large industries and their success is an outstanding achievement in labor history. Efforts toward reconciliation with the AF of L were of no avail, even when augmented by the pleas of President Roosevelt for peace in labor ranks. In 1938 the CIO organized permanently and independently under the name of the Congress of Industrial Organizations, and elected John L. Lewis as president. The structure of the CIO is similar to that of the AF of L.

In 1938 the CIO organization consisted of 42 national and international unions, 675 local unions, 23 state councils, and 164 district or city councils. It claimed a membership of 3,767,877.

The struggle between the rival labor groups will be clarified if we review here the comments by Simon and Clark,<sup>1</sup> who say that many of the established national craft unions had no place for the unskilled workers; that the American Federation of Labor had never been an active organizing agency. Though it might be willing and even eager to accept new unions formed in mass production industries it has not been prepared to act aggressively to build them up. The craft union control of the Federation had made it difficult for the Federation to act aggressively; the craft unions are unwilling to give up their claims to the skilled workers in those industries, and they are not impressed by the importance of the unskilled or semi-skilled workers to the labor movement; great masses of new members coming into the Federation would threaten the traditional craft control of the national organization, new and vigorous mass-

<sup>1</sup> M. R. Clark and S. F. Simon, *The Labor Movement in America*, W. W. Norton Company, New York, 1938, p. 187.

production workers' unions might threaten the jurisdiction of many of the craft unions.

Both the AF of L and the CIO advocate the need of solidarity in labor organization and both voice the belief that eventually a plan will be worked out whereby the two factions may reunite.

**Foreign Labor Groups and Minor, Radical Groups.** The accomplishments of unionism in Great Britain have always been an inspiration to American labor leaders. The percentage of organized laborers in England is relatively larger than in this country. For many years English wage earners have maintained a political party, which often wields decisive power.

The achievements of workers in Germany were noteworthy following the establishment of the republic in 1918. The constitution of the new government provided that all working conditions must be decided by collective bargaining between the employer and the labor union. Union officials were the political representatives of the working class, and the government had no power to disband the unions. This plan had brought labor into a position approximating parity with the employer. However, under the present totalitarian regime, all activity of unions, as such, has been completely suppressed.

Labor organization in France has for many decades been characterized by strife between the socialist and the communist groups. French workers have used the strike extensively as their most effective weapon in maintaining the power of labor. Because of both these facts, French unionism has not seriously influenced American labor organization, whose policies have always been conservative. After the outbreak of hostilities with Germany in 1939, however, strife among laborers gave way to the common cause of defense against an old enemy. Now under totalitarian dominance, independent unionism may be completely crippled.

In Soviet Russia, membership in labor unions averages about 83 per cent of the employable population. This large percentage is natural since its industries are owned and controlled by the government and also because social insurance and similar benefits are administered through the unions. A membership card in a Soviet labor union is comparable to a registration card for Social Security in our country.

Through the influence of Marx, Engels, and other socialists of

wide reputation, international labor organizations have been formed by European workers at three different times. The First International, formed in 1864, lasted less than ten years because of internal strife. The Second International, formed in 1879, did not survive the effects of the first World War and the Russian Revolution. The Third International, formed in 1920, is now ceasing to function effectively because of the labor disorganization induced by fascism. American laborers have given very little support to the Internationals chiefly for the reason that the economic philosophy of American unions is capitalistic.

The Treaty of Versailles created the International Labor Organization as a part of the League of Nations. Although not a member of the League, the United States has participated unofficially in the ILO from its beginning, and in 1934 we became an affiliated member. The ILO held conferences at Geneva for the purpose of effecting agreements upon important labor questions, following which conferences it recommended standards; for example, hours and wages, minimum age for children workers, industrial insurance. It also maintained statistical and research departments and published reports. Its activities have been seriously handicapped by the European war and for the time being it has moved its headquarters to Canada. Much of our state and federal labor legislation has been influenced by the recommendations of the ILO.

While labor organization in the United States has been free from radicalism as compared with European unionism, a few non-capitalistic groups have sprung up. The Industrial Workers of the World (IWW), originated in 1905, includes socialists, syndicalists, and anarchists. These workers advocate revolution against the existing order, to be carried out through one great industrial group, "One Big Union." Membership in the IWW probably never exceeded 70,000, and after some of their members were prosecuted in 1918, under the Espionage Act, for antiwar activities, the organization has gradually declined to a place of little importance.

Another revolutionary group, known since 1929 as the "Trade Union Unity League," originated in 1920 as the Trade Union Educational League. The TUUL was promoted by the Red International of Moscow, under the leadership of William Z. Foster, communist candidate for presidency in the United States in 1924 and in 1936. The highest membership in the TUUL, probably

100,000, was attained in 1931. Since then it has declined in power as the AF of L has regained its strength of predepression years and the CIO has come upon the labor scene.

**Strength of Unionism in the United States.** The following tabulation shows the rapid growth of labor organization in the past five years.

TABLE XXXVI<sup>1</sup>  
MEMBERSHIP IN LABOR UNIONS  
(FIGURES IN THOUSANDS)

<i>Year</i>	<i>All Unions</i>	<i>AF of L</i>	<i>CIO</i>	<i>Nonaffiliated</i>
1935 (Nov) . .	3,928	2,300	1,050	578
1936 . . . .	4,575	2,500	1,500	578
1937 . . . .	7,297	3,269	3,454	574
1938 . . . .	8,123	3,623	4,000	500 (est.)
1939 . . . .	8,506	4,006	4,000	500 (est.)

Allowing 500,000 for nonaffiliated groups in 1939, it is safe to conclude that the total for all unions in that year was at least 8,500,000.

But the strength, or weakness, of unionism in the United States can be appreciated only by a comparison of the membership in all unions with the total of all gainful workers in our country. From the tabulation of workers given in Chap. XX, one notes that the total of all gainful workers in 1930 was approximately 48,830,000. The number in 1940 would of course be greater, probably not less than 50,000,000. Now, some of these groups of workers, especially domestic help and some farm laborers, are not easy to organize. Others, such as proprietors, officials, and many professional groups, may never organize as laborers. Therefore, from the 50 million gainfully employed perhaps 15 to 20 million should be deducted for these two groups, leaving 30 to 35 million workers in the United States that are or could be assimilated by unions. Against the 30 to 35 million, we place the 8½ million that actually are organized. By this comparison, therefore, we note that only about one-fourth the workers that might well be claimed by the unions have so far been brought into the fold. How great a task of organization still confronts the labor unions of America!

<sup>1</sup> Sources for 1935-1937, Carroll R. Daugherty, *Labor Problems in American Industry*, p. 405; for AF of L, 1938-1939, Report of the Executive Council, 1939; for CIO, 1938, Report of Chairman John L. Lewis to the First Constitutional Convention of the CIO; for CIO, 1939, annual reports.



**Organization and Administration of the Union.** The framework here described is that of the smallest unit of labor organization, the local union, yet it is equally typical of the centralized groups, whether city, district, or state unions or federations. The local union elects its own officers: president, vice-president, secretary, and treasurer. It fixes its own initiation fees and dues. Fines are imposed for nonpayment of dues and for violation of any other union rules. Meetings are held at regular intervals, either in a rented hall or in a building owned by the union.

The chief function of the local union consists in bargaining with the employer or employers in that locality for a satisfactory labor contract. This contract, known as the trade agreement, is usually in written form and copies are posted in conspicuous places about the factories or distributed among the workers. By a recent decision of the Supreme Court of the United States, an employer is compelled to sign a written agreement if the union so desires. The trade agreement specifies wages, hours, conditions of work for a definite period of time and concerning a given area or industry. The agreement may also include such matters as seniority of workers, security of workers against unfair dismissal, methods of enforcing the agreement, arbitration regulations. Ofttimes a new agreement has not yet been reached before the expiration of the old, in which case production may be seriously slowed down by a threat of strike or stopped by the actual strike.

Usually the operating expenses of a union consume only a small part of its receipts. The major portion is used for benefits of various kinds: sickness, accident, death, unemployment, strike. Most unions do not make proper allocation of these reserves, with the result that the payment of strike benefits often makes serious inroads upon the funds that should be kept intact for sickness, death, and other benefits.

In some locals the regular officers can take care of all business transactions. More often, however, a special representative, known as the "walking delegate" or "business agent," is hired to attend to matters of greater importance. In many instances one representative is hired by several unions of the same trade in one locality. Thus the office of business agent usually offers full-time employment and an attractive salary. Besides bargaining with employers and settling disputes between workers and employers, the agent

furnishes each employer with a list of union workers eligible for jobs, collects dues and fines, and often has considerable control over union reserves and benefit payments. In many respects the business agent is the most powerful of union leaders. Often he allies himself and his union with political groups and leaders, especially if any financial advantage may be gained thereby, as is often the case in such trades as building, hauling, and trucking.

Some of these business agents are unscrupulous and will boldly resort to graft, coercion, extortion, or any other corrupt practice if thereby they may enrich themselves. Thus, unfortunately, labor unionism, a supposedly humanitarian movement, suffers the stigma of racketeering. Recently the public seems to be more than usually roused over this menace. Can it not be diminished or eliminated? In attempting to answer these queries, several important features are disclosed. One is that graft and racketeering permeate our economic and political systems. Their appearance in the ranks of labor is therefore to be expected. Another point for consideration is the fact that through racketeering methods, wages are often maintained at a higher level than would otherwise be the case, which accounts for the acquiescence of union workers. Again, the national federation (AF of L) disclaims any power over such matters — jurisdiction resides in the local union. Must the public, then, turn to legislation for control of this menace? Rather, is it not more reasonable to expect labor organization to clean house? If or when the rival labor groups amalgamate into a single, powerful unit, a speedy solution could be found for this and other serious charges against organized labor.

The emergence of trade unions and of collective bargaining between workers and employers has called forth regulations and standardized rules and procedures which are reflected in a special terminology. Some of these terms may be mentioned to indicate crucial aspects of trade unionism and labor relations.

“Recognition of the union” by the employer occurs when the employer agrees that in the process of collective bargaining his workers may be represented by an official of a higher union or by a hired representative; that is, it is not required that the employees must choose their representative from their own local group.

When hiring a worker, if an employer stipulates in the contract that the worker is not to join a union, the bargain is called

a "yellow-dog" contract, or "antiunion" contract. This practice has recently been outlawed.

The "closed shop" is one in which only union men may be employed. If union members are not available, nonunion workers may be hired but only with the understanding that they join the union. In this case the responsibility is upon the union to supply qualified workers.

The "closed union" is that type of union that imposes obstacles to prevent competent workers from entering a union. This is often accomplished through limitation of apprentices.

A "preferential shop agreement" gives union members preference over nonunion workers, but leaves the employer free to hire nonunion workers when the union cannot supply men.

Workers are said to "strike" when they refuse in unison to continue to work under certain conditions.

If, instead of withdrawing from the plant, the workers maintain continuous occupancy of the plant, their strike is referred to as a "sit-down" or "stay-in" strike.

Management sometimes resorts to the "lockout"; that is, employment is suspended pending settlement of a dispute.

A "labor boycott" is an organized protest by workers and/or their sympathizers against the use of goods produced by employers hostile to labor.

If only the union members and their families participate in the boycott, it is spoken of as "primary." If the protest is exercised by other unions and if it extends to other business concerns, as wholesalers, manufacturers, transportation companies, the boycott is referred to as "secondary."

Union members often refuse to buy goods that do not bear the "union label," which certifies that only union labor is used in the production of the article. This is a form of boycott.

"Picketing" consists of guarding or watching the place of employment to prevent or to deter nonunion workers from entering. Most states permit only peaceful picketing, holding that violence or intimidation is illegal.

"Sabotage" consists of limiting production either by deliberately slowing up work or by destruction of machines or materials.

The "checkoff of union dues" refers to the practice whereby the union collects dues from its members by an agreement with the

employer, empowering the employer to deduct dues from the employees' pay. This method, often used in a closed shop, is advantageous to the union in that it ensures regular collection of dues.

An "injunction" is a court order, often used by employers, which restrains workers from doing specified things, usually acts involved in a labor dispute. The issuance of labor injunctions has now become subject to restrictions by federal and state legislation.

**The Problem of Jurisdiction.** Because the question of jurisdiction has figured prominently in the recent split in the ranks of organized labor, many persons think that jurisdictional problems involve only those disputes that arise between the industrial and the craft types of unions. The fact is, however, that in decades past many bitter quarrels have been fought by one craft against another, each claiming the right to perform or control a certain job. For example, shall painters or electrical workers paint electric poles and the attached electrical fixtures? Shall the railway clerks or the teamsters and chauffeurs control the driving of vehicles carrying railway express? Shall the carpenters or the iron workers install radiator covers? Shall the teamsters and chauffeurs or the brewery workers control the hauling of brewery products?<sup>1</sup>

The American Federation of Labor has never developed an effective method of control over these disputes. If a case is brought to the Federation for arbitration, the Federation acting as a tribunal will make a recommendation for settlement. If the disputant unions accept the recommendation, all is well. Often, however, one or both refuse to abide by the wishes of the Federation, and the struggle may continue over a period of years. The Federation has no power to enforce. It can only, as a matter of punishment, suspend or expel the recalcitrant union.

The CIO claims that these job or trade jurisdictional disputes may be eliminated by the amalgamation of all related trade unions into a single group. In the past two years the CIO has made advances to the building trades unions, urging them to permit the Congress to reorganize all workers in the building crafts into one

<sup>1</sup> For an interesting and authentic account of two jurisdictional disputes see the Report of the Executive Council of the AF of L, 1939, pp. 21-26. In the second case there arises the question of the right of a member union to secure an injunction against the Federation, to prevent the Federation from interfering with the jurisdictional rights claimed by the member union.

union.<sup>1</sup> So far these advances have been repelled by the AF of L. Such reorganization, whether effected by the Congress or the Federation, would save much time and money for employers and laborers and prevent much inconvenience to the public.

In the automobile industry, trade disputes have been forestalled to a large extent by the adoption of the industrial type of union by most of the large automobile companies. Seventy-three occupations were listed in this industry by the NRA. Mr. Colston Warne finds in his analysis of the NRA figures that fourteen craft unions would claim jurisdiction over the seventy-three occupations, with overlapping to the extent that from two to eleven unions would claim a certain occupation. For example, polishers and buffers would be claimed by four unions: the carpenters and joiners, the metal polishers, the painters, and the sheet-metal workers. Analyses of this nature strengthen the contention that the industrial type of union (sometimes spoken of as the "vertical union") would prevent or appreciably decrease trade jurisdictional disputes.

#### TERMS TO BE UNDERSTOOD

collective bargaining	boycott
industrial union	closed union
trade agreement	closed shop
strike	yellow-dog contract
picketing	preferential shop agreement
company union	jurisdictional dispute
	union label

#### QUESTIONS FOR DISCUSSION

1. Do you believe that the welfare of the laborer could be improved by an independent labor party? Give reasons.
2. Explain the relation between the activities of the CIO and the corporate form of business.
3. Name two or more companies where the workers are organized as company unions. In what respect is a company union not a genuine labor organization?
4. (a) What is the approximate total of employed (or employable) workers in the United States today, including agricultural workers?  
 (b) What is the total membership, approximately, of all labor unions?  
 (c) What is the percentage of (b) to (a)? How do you account for the large proportion of unorganized workers?

<sup>1</sup> As many as nineteen building trades unions were listed in the Report of the Executive Council of the AF of L, 1935, p. 103.

5. Why is an individual worker only rarely able to bargain on equal terms with his employer?
6. What gains has labor made through organization?
7. Discuss. "For every business agent who accepts graft there must be an employer who gives graft."
8. Discuss: "It has often been said that the so-called 'open shop' is a shop that is closed to union men."
9. What are the principal obstacles to the acceptance of collective bargaining?

### FOR FURTHER STUDY

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## LABOR LEGISLATION

**Origins of Labor Legislation.** Comparatively few labor laws appear upon our statute books until industrial development takes the ascendancy over agricultural leadership, approximately in the eighties. Most of our labor legislation has come from the states. Because of the multiplicity of state labor laws and their lack of uniformity, it will be impossible to analyze them adequately in a single chapter. Accordingly, this discussion will be based primarily on federal legislation, which is, in a large degree, a crystallization of state enactments.

The first World War, the long years of the depression, and perplexing conditions in foreign countries have strengthened the feeling of national unity in America, with the result that the public has shown its approval in recent years of the increasing amount of federal legislation pertaining to labor. Slowly the Federal government is being granted wider jurisdiction in matters pertaining to humanitarian needs, jurisdiction that formerly was held to belong in the main to the states. In the field of labor legislation this transfer of power is accomplished by several methods: (1) liberal interpretation of the Constitution under the New Deal, as illustrated by the favorable decision on the National Labor Relations Act; (2) exercise of the federal powers over interstate commerce, as seen in the Fair Labor Standards Act; (3) amendment to the Constitution when necessary, for example, the present attempt to secure ratification of the Child Labor Amendment.

Much labor legislation is of a protective nature, having as its aim the betterment of society. Such measures seek to diminish the toll that industry takes through accidents, disease, insanitary working conditions, and use of underage workers. This type of legislation, chiefly factory legislation, is promoted by those socially minded individuals or groups, including many legislators, who are interested in the welfare of all laborers, whether organized or not. The

National Child Labor Committee, the Life Extension Institute, the American Association for Labor Legislation, the National Safety Council, the American Association for Social Security, and other similar organizations conduct investigations and often draft labor bills. A case in point is the Wisconsin workingmen's compensation law, which is almost identical with the model prepared by the American Association for Labor Legislation. Some of the legislation originated by these welfare groups has been opposed by organized labor. In 1932 the American Federation of Labor opposed the federal unemployment insurance plans. Again, in 1938, they disapproved of the Fair Labor Standards Act. Their argument is that if the government assumes control of such matters, labor unionism will be weakened. Particularly, government regulation of wages and hours would, they feel, seriously diminish the power of unions when bargaining with employers. The CIO, on the other hand, has welcomed legislation of this nature as an aid to the labor movement.

Credit for much labor legislation should be given to the labor unions, particularly the great body of state enactments that deal with the rights of organized labor: making and enforcing contracts, collective bargaining, arbitration, use of the injunction, the boycott, the union label, and similar union issues. Because of the fact that our leading labor unions have not favored the formation of a political party to influence legislation, the efforts of the unions in securing labor laws often are not recognized. Their work is done quietly, without desire for publicity, but the results stand as testimony to the diligence and patience of labor leaders, supported by faithful unions.

**The Right of Laborers to Organize.** During the early decades of our national life, the courts commonly ruled that labor unions were illegal, basing their decisions on the common-law doctrine of criminal conspiracy. After 1825 American courts began to react to the influence of labor legislation in England, especially the Act of 1825, which repealed earlier English laws forbidding unionism in England. No specific legislation on this point has ever been passed in this country, but a decision rendered by one of our courts in 1842 declared labor unions legal unless it can be proved that the aims of the organization are illegal or the methods employed illegal. The position of labor unions was further strengthened by another court



decision in 1902 which states that "what one man may legally do, a combination may also do." It is because so many of the legal issues dealing with trade unionism are settled by court decisions instead of by specific labor laws that the unions have come to say that labor laws are made by the courts. And because labor has been ruled against repeatedly in court procedure, there has developed among labor groups a deep resentment against the courts.

Only in the last few years has the trend been reversed. Legislation and court decisions indicate that the government and the public are now taking a more liberal, a more sympathetic, attitude toward the needs of wage earners. The National Industrial Recovery Act (1933), although declared unconstitutional, paved the way for the National Labor Relations Act (1935), which gave positive legislative recognition of the right of laborers to organize. And in 1937, when the United States Supreme Court approved the NLRA, it gave positive judicial recognition to the rights of laborers to organize.

**The Right of Labor Unions to Contract.** The first legal recognition in this country of the rights of labor unions to use collective bargaining was given by the Supreme Court of Massachusetts in 1842. In spite of this decision, however, the courts generally continued to rule against the unions for many decades on the basis of criminal conspiracy. Later, employers introduced the use of the injunction, and after 1890, labor unions were sometimes held illegal as trusts under the Sherman Antitrust Act. By hammering away at the opposition through many decades, labor unions have secured three legislative enactments to sustain their right to contract. These are (1) the Clayton Act of 1914, which defends them against antitrust prosecution; (2) the Norris-La Guardia Anti-Injunction Act of 1932, which restricts the use of the injunction by the employer in his effort to enforce antiunion contracts; and (3) the National Labor Relations Act of 1935, which specifically guarantees to labor unions the right to bargain collectively.

The contract between the employer and the union is known as the "trade agreement," which came into use with the growth of the American Federation of Labor following its origin in 1886. Until the emergence of the CIO in 1935, the trade agreement was used mainly in those industries where craft unionism prevailed. In the mass production industries such as automobile, iron and steel,

petroleum, the trade agreement existed only between the employer and a minority of the craft workers, which are relatively small groups and often antagonistic to each other because of jurisdictional disputes. Until the CIO and the AF of L became active in the organization of the unskilled workers in 1935, these wage earners of the lower strata did not benefit appreciably from the use of the trade agreement. It is well that both factions of labor organization are now promoting unionism among the millions of unskilled laborers, for only through their own unions (rather than company unions) can all laborers secure the advantages of the trade agreement.

The antiunion contract, better known as the "yellow-dog" contract, specifies that the employee shall not belong to a union during his term of employment. One who signs such a contract is said to have a "yellow" streak and to be a cowardly "dog," hence the term so commonly used. Any use of the antiunion contract today is in defiance of the Anti-Injunction Act of 1932 and the NLRA of 1935.

The right to contract includes the right to compel payment for services rendered. There is no federal legislation covering this matter and many of the states have very loose legislation concerning it and equally loose enforcement of their laws. Payment should always be in the accepted medium of exchange (legal tender), but in many industrial communities, serious violations are perpetrated by avaricious employers. Company stores are usually maintained in mining and lumbering industries, and often, also, company houses. The practice that prevails is that of deducting rent and accounts charged at the company store from the employee's wage. Often rents and other prices are excessive, but the employee has no alternative but to give up his job. In case of strike or threatened strike the worker could be evicted from his house. There is great need for legislation and strict law enforcement to cover these infringements of contractual rights.

#### THE RIGHT OF LABOR UNIONS TO ENFORCE CONTRACTS

**The Strike.** No court has denied the legality of the strike in private industry since the court decision in 1842 previously referred to. However, the purpose of the strike must be that of improving

the economic status of the worker, such as increase in wages, adjustment of hours, or bettering of working conditions. If it can be shown that the purpose is that of doing malicious injury to the employer, the courts have commonly acted to stop the strike. In utilities and government occupations, which are "affected with public interest," the right to strike is usually denied on the basis of public welfare. Famous in this connection is the message sent by Governor Coolidge (later the President) to Samuel Gompers when the Boston police were threatening to strike: "There is no right to strike against the public safety by anybody, at any time, anywhere." The general or sympathetic strike is not common in this country because the immediate and unfavorable reaction of the public usually defeats the purpose of the strike. In cases where this type of strike has been used it has been instigated by local unions contrary to the wishes of their national federation officers. The national federation can advise in such cases, but it has no powers of coercion.

The sit-down strike prevalent in 1937 was thought by many to be a new technique, but it had previously been used by the IWW in the United States and also by strikers in France. The legal status of the sit-down strike was in question until in 1939, in the *Fansteel* case, when the Supreme Court ruled in favor of the employer. It was held that an employee who engages in the sit-down strike forfeits his rights as an employee and that the employer can legally refuse to retain him upon the pay roll.

**Picketing.** In 1921 the Supreme Court of the United States declared that an Arizona law legalizing mass picketing was unconstitutional. Accordingly, the state courts have likewise outlawed mass picketing. In this decision and others the Supreme Court sought to abolish the word "picketing" from labor law and to substitute the term "peaceful persuasion," since there is alleged to be a contradiction of terms in the expression "peaceful picketing." There is no final or comprehensive definition of peaceful persuasion, but the courts have allowed certain methods, which are now in common use. A few strikers may walk back and forth outside the picketed establishment and by giving out handbills or bearing placards, seek to inform the public of the nature of their grievances. At the workers' entrance to the plant, only one picket may be stationed and his "persuasive" remarks must not be threatening nor may violence of any kind be resorted to.

**The Boycott.** Only the "primary" boycott is generally considered legal — the refusal of employees to buy the products of their employer. The "secondary" boycott, that is, the attempt on the part of employees and labor unions to persuade the public not to buy the employer's goods, was held illegal by the Supreme Court in 1911 on the basis of conspiracy in restraint of trade. This case involved interstate commerce. However, the courts of several states have declared boycotts of all kinds legal if conducted peaceably.

**The Union Label.** In place of the direct boycott many labor unions use the indirect boycott, the union label, the legality of which has never been seriously questioned. Many states have passed laws protecting the use of the union label.

**The Injunction against the Employer.** The union, as well as the employer, has recourse to the injunction, but in the past the unions rarely used this weapon as the courts so seldom ruled in their favor. However, since the first World War the courts, especially in New York and in Wisconsin, have been more liberal in granting injunctions to the unions; and since 1929, union injunctions have amounted to one-fourth as many as employer injunctions. One of these injunctions, upheld by the Supreme Court, compelled the employer to bargain with the trade union rather than with the company union. This change in the attitude of the courts is most heartening to the unions.

#### THE RIGHT OF THE EMPLOYER TO COMBAT LABOR ACTIVITIES

**The Injunction.** Toward the end of the nineteenth century employers brought into use the labor injunction, and after the enactment of the Sherman Antitrust Act, 1890, the use of the injunction by the employer became more common. This act provides that any combination which interferes with interstate commerce is a conspiracy in restraint of trade. The labor unions interpreted this statement to refer to industrial trusts, but to their dismay the Act was used against the unions themselves. This unfair procedure continued for twenty-four years, until the Clayton Act was passed in 1914. This Act declares that the labor of human beings is not a commodity and therefore an organization of workers is not to be considered as prohibited by the Sherman Antitrust Act as a

conspiracy. It restricted the use of the injunction by the employer to cases of injury for which the employer had no remedy at law. Furthermore, no injunction could prohibit workers from peaceably persuading others not to work or keep them from meeting together or from distributing strike benefits.

Despite Mr. Gompers' statement that the Clayton Act was a *Magna Carta* for labor, workers soon found that they had gained no real victory. Employers used the injunction more and more. The employers also organized strongly as industry grew in size and became more concentrated. The judges continued to exercise almost limitless power over union activities. After another long, bitter struggle for legislative relief, the Norris-La Guardia Anti-Injunction Act was passed in 1932. This Act governs federal courts only. It does not prohibit the granting of an injunction but it does limit the issuing of the injunction to cases of fraud or violence. On labor's part, the most important clause in the Act is the one stipulating that no restraining order may be issued by a federal judge until both parties have had a chance to be heard. Since 1932 nineteen similar acts have been passed by states, but these as well as the federal Act have been almost completely ignored by the judges, both federal and state. Now, however, that the Supreme Court has held the Norris-La Guardia Act constitutional (1938), organized labor will be encouraged to continue its fight against the courts — to secure anti-injunction legislation in all the other states.

**The Yellow-Dog (Antiunion) Contract.** Employers often require that a new employee sign a contract stating that he is not at the time a member of a labor union and that during his term of employment he will not join a union. Labor groups have fought the use of this so-called yellow-dog contract and have succeeded in securing the passage of laws in several states forbidding its use. Such state laws have been of little effect, however, due to decisions of the Supreme Court of the United States (one as early as 1917) holding that employers may use the injunction to prevent attempts by labor unions to organize these workers. The Norris-La Guardia Act in 1932 forbade federal courts to grant injunctions in defense of such contracts and the National Labor Relations Act of 1935 should outlaw them, as it prohibits the coercion of employees in their self-organization activities.

**Use of Strikebreakers.** At common law the employment of strikebreakers is legal, and attempts of several states to legislate against the practice have proved futile. The Byrnes Antistrike-breaking Act of 1936 was ruled against by a federal judge and jury in Connecticut in 1937, but no Supreme Court ruling has yet been handed down. The National Labor Relations Board has included the use of strikebreakers in its list of unfair practices, but apparently labor will have to work for a better federal law if it would completely outlaw this formidable weapon of the employer.

Other methods, such as the blacklist, espionage, and so on, have been legislated against in some commonwealths, but without effect.

**Legislation Designed to Effect Peaceable Settlements.** The Act of 1888 was an attempt to settle railroad labor disputes peaceably by referring them to a board composed of the Commissioner of Labor and two others, but it was never put into operation. The Erdman Act of 1898 was slow in getting into operation, but it did accomplish considerable good. The chief objection to this Act was that the Board set up to handle disputes was not permitted to offer its services — it must wait to be called upon. The next attempt, the Newlands Act of 1913, broke down completely in the face of a nationwide strike which the unions ordered to enforce their demand for an eight-hour day. This threat was met by special act of Congress, granting the railroad workers the shorter day. With the outbreak of the war, the railroads were taken over by the government. In 1920, to provide for settlement of labor disputes when the railroads should be returned to private operation, the Esch-Cummins Transportation Act of 1920 was passed. Both employers and employees became disgusted with the operation of this Act. Investigation was compulsory by the Board which the Act established — the Railroad Labor Board. But arbitration was not compulsory and the decisions of the Board were not legally binding on either party. Demands for improvement brought forth the Watson-Parker Act of 1926. This Act abolished the Railroad Labor Board and provided in its stead that by mutual consent of both parties a local adjustment board should be created to settle the difficulty. If this board failed, the dispute might be carried to a Board of Mediation appointed by the President. Dissatisfaction with these provisions led to the amendatory Act of 1934. Once more a permanent administrative agency was created, the National Railroad Adjust-

ment Board, which consists of thirty-six members, half chosen by the unions and half by the railroads. Cases may be referred from this Board to the National Mediation Board provided for in the original Act. One clause provides that employers are restrained from antiunion activity and that collective bargaining agreements are to be encouraged. If necessary to resort to the courts, the federal courts are available for such cases. The amendatory Act of 1934 has placed railroad employees in a much stronger position. The amending Act of 1936 extended the provisions of the Act of 1934 to air transportation.

The Division of Conciliation of the United States Department of Labor is a bureau maintained for the purpose of giving aid in effecting peaceable settlement of disputes in industries other than railroads. It was established in 1913. Its representatives sometimes offer their services, and they always respond to calls from either employer or labor groups. Out of sixteen thousand cases handled from 1914 to 1937, they were able to adjust three-fourths peaceably.

The National Industrial Recovery Act was enacted in 1933. Section 7 (a) of this Act guaranteed employees the right to organize and to bargain collectively through representatives of their own choosing; it guaranteed freedom from interference from employers in the designation of such representatives; also it forbade employers' using the antiunion (yellow-dog) contract. On the whole, labor did not benefit greatly from this legislation, partly because many of the most powerful industries ignored the Act as unconstitutional. Although the NIRA was declared unconstitutional, some of its provisions were incorporated in the 1935 labor relations legislation.

The National Labor Relations Act, passed in 1935, is commonly referred to as the Wagner Act in recognition of the efforts of Senator Robert Wagner, chief sponsor of the Act. This Act restates section 7 (a) of the NIRA and establishes the National Labor Relations Board to conduct the elections among employees in order to determine which representatives should have the right to bargain collectively with employers on the terms of employment; also to prevent the unfair labor practices enumerated in the Act. These unfair practices are: (1) interference with self-organization, (2) domination of an employee organization, (3) discrimination against employees for union membership, (4) discrimination against employees for complaint to the Board, and (5) refusal on the part

of an employer to bargain collectively. The Board has established regional offices throughout the country in charge of local representatives. Complaints are made to this local representative, who conducts an investigation and reports his findings to the Board. Hearings are then held before an examiner appointed by the Board. After considering the report of the examiner the Board issues whatever orders it deems wise. If an employer fails to comply with orders, the Board is authorized to secure a court order compelling compliance. The NLRA was held to be constitutional.

**State Legislation Prior to the New Deal.** Some twenty-five states have at one time or another passed laws aimed at arbitration of labor disputes, chiefly relating to the utilities, railroads in particular. In Colorado and some other states, mines were included. Only six of these states can lay claim to success in this field — Massachusetts, New York, Pennsylvania, Wisconsin, Kansas, and Colorado. The difficulty seems to lie in faulty administration rather than in the laws themselves. In Colorado a noteworthy record has been made, in that from 1916 to 1937 out of two thousand disputes that were handled by the arbitration commission, only about three hundred developed into outright strikes.

The National Labor Relations Act was followed by a number of state labor relations acts, often referred to as "Little Wagner Acts." By 1937 five states — Massachusetts, New York, Pennsylvania, Utah, and Wisconsin — had passed such laws. Already that of Wisconsin has been declared constitutional.

#### LEGISLATION COVERING THE WORKERS' RISKS IN INDUSTRY

**Accidents.** Although statistics on the number of industrial accidents are inadequate, the data available show the gravity of the problem. Estimates place the annual number of fatal accidents in industry at from 25,000 to 35,000. With all industrial accidents included, the total rises to more than two and a half million each year. One writer<sup>1</sup> draws a vivid comparison by saying that the casualties in American industry during the first World War exceeded the number killed and injured in the American Expeditionary Force. We have made notable progress in the reduction

<sup>1</sup> E. H. Downey, *Workmen's Compensation*, The Macmillan Company, New York, 1924, p. 1.



of accidents in certain industries during the past decade, but we still lag far behind Great Britain and other European countries in this matter. The financial loss, likewise, is staggering. The Travelers Insurance Company<sup>1</sup> has estimated that for the entire country in 1930 losses to workers and their families, to the state, and to industry totaled almost five billion dollars.

Accidents and fatalities are the most serious in mining, fishing, the chemical industries, building and construction, railroading, iron, and steel. For example, figures compiled by the Bureau of Labor show that almost five per 1000 miners are killed each year. In the United States machinery is operated at greater speed than in any other country; too, we introduce new types of machines more rapidly than does any other country. Yet we have been the slowest of the large industrial nations to give adequate protection to workers.

Workmen's compensation laws were passed in European countries as early as 1884 and 1887. In our country, in those years, the injured worker had to be content with whatever private settlement he could make directly with the employer, or he might, of course, seek remedy through the courts if he could afford to start a suit. The earlier court decisions were based on the old common law with its three doctrines covering employer-worker relationship: (1) *Assumption of risk*, which holds that the worker accepts risk when he accepts employment; (2) the *fellow-servant rule*, which makes the worker responsible for knowing whether he might be harmed through the carelessness of another worker; (3) the *contributory negligence* principle, which compelled the worker to show proof that his own negligence had not been a contributing factor in the accident. Thus it will be seen that under these common-law doctrines, which were usually interpreted by the courts in such way as to favor the employer, the burden of these production costs were thrown largely, if not entirely, upon the worker, the one least able to bear this loss.

Gradually sympathy for injured workers was aroused sufficiently to bring about legislation supposedly in their favor — the employers' liability laws that were passed in most states at the close of the nineteenth century. Again, however, court decision favored

<sup>1</sup> *Bulletin* 536, United States Bureau of Labor Statistics, Washington, D. C., 1931, pp. 171-179.

the employer generally and the status of the worker was not greatly improved. Finally our lawmakers adopted the type of legislation used in European countries — the workmen's compensation laws. The first enactments by states were declared unconstitutional. But in 1908 Congress passed a law covering federal employees, and this was upheld by the Supreme Court. With this impetus, the movement in favor of compensation legislation spread throughout the country with surprising rapidity so that by 1920 most states had enacted such measures, and today only one state, Mississippi, is without a workmen's compensation law. This legislation is based on the assumption that no one intentionally causes accidents, that all serious injuries are compensable, and that the responsibility shall be charged to the employer. It is expected, of course, and rightfully so, that the employer will pass on this cost to the consumer. But in practice the cost is sometimes charged to the employee through wage adjustments. Under most state laws insurance companies handle these risks, and usually it is not necessary for employees to resort to legal procedure. The majority of states allow the injured worker 60 per cent of weekly wages for a period to be determined by the disability.

One of the wholesome effects growing out of these laws is the increasing interest shown by employers and their insurance companies in the prevention of accidents. The "safety first" campaigns are an indication that employers now realize their responsibility in this great industrial problem. Much remains to be done to perfect these compensation laws and to bring about greater uniformity among the states, but at least they give evidence of a change in social responsibility. Slowly we have adopted the philosophy that society (the consumer) should bear the cost of accidents and disease attendant upon the production of the goods it demands. The AF of L now approves of these compensation laws, though in the earlier stages of the movement they were opposed to them on the ground of excessive interference from the government.

**Occupational Disease.** It is not always easy to determine whether a disease contracted by a worker is attributable to the particular occupation in which he is engaged. But through investigations conducted by the United States Bureau of Labor, it is definitely known that in several hundred occupations workers face the risk of contracting diseases peculiar to those trades. C. R.

Daugherty's <sup>1</sup> grouping of occupations where diseases are hazardous is approximately as follows:

1. *The dusty trades:* Iron and steel plants, foundries for the grinding and polishing of metals, coal mines, quarries, glass plants; cotton, tobacco, and flour mills; mercury and lead industries. Inhalation of dust irritates or scars the tissues of the lungs, and leads to pneumonia, tuberculosis, anthracosis (from coal dust), or silicosis (from silica dust prevalent in anthracite mines). Dusts from mercury, lead, or tobacco are chemically absorbed and often result in deadly types of poisoning.

2. *The poisonous trades, other than dusty:* Metal and chemical industries, where substances like lead, zinc, mercury, arsenic, and benzol are absorbed by inhalation or through the skin. Plumbism from lead poisoning, "hatter's shakes" from exposure to mercury used in processing felt hats, necrosis (eating away of bones, liver, or other organs) from phosphorus, are some of the most fatal diseases. White phosphorus, formerly used in the manufacture of matches, has been banned through the federal power to regulate imports and exports. Lead for paints and other deadly substances should also be controlled.

3. *Occupations producing germ diseases:* Infection by bacteria, as from anthrax from animal products used in tanneries or from the hookworm parasite common in coal mines.

4. *Occupations producing skin infections:* Dermatitis from contact with irritating acids or oils; infection, usually fatal, from radioactive substances such as are used in painting luminous watch dials.

Other occupational groups include those involving extremes in temperature, such as lacquer and glass factories; those involving work in compressed or rarefied atmospheres, or artificial humidity, such as lacquer or glass factories, tunnel work or diving, weaving of textiles. Many other industries which produce disease might be added to this list.

**Health.** One of the next goals for which laborers should strive is legislation, preferably federal, to provide for sickness compensation for workers. Within the past fifty years, nearly all European countries have adopted state compulsory health insurance. Most

<sup>1</sup> C. R. Daugherty, *Labor Problems in American Industry*, Houghton Mifflin Co., Boston, 1936, pp. 109-110.

of these systems provide benefits for all workers except those in agriculture and those who receive sufficient income to cover health needs. The matter has been agitated, mildly, in the United States for the last two decades and health insurance bills have been introduced in a few of our state legislatures. But no laws have yet eventuated, chiefly because of organized opposition headed by the American Medical Association. It will be noted that while the Social Security Act makes no direct provision for sickness compensation, it does give grants in aid to the states for the care of the blind, of crippled children, and to dependent mothers and children.

**Unemployment and Retirement.** Prior to 1935 a few states had laws providing for pensions for aged persons, but such benefits were available to all indigents and were in no way related to industrial employment. Also, many of the labor unions had adopted systems of unemployment relief payments and retirement annuities. Properly we must include here the pensions, or retirement annuities, granted to federal employees, soldiers, and sailors; also the aid contributed in some states to retirement annuities of teachers, the police force, and other public employees.

The first federal legislation for any group of industrial workers was the law providing for retirement annuities for railroad workers, enacted in 1934, but held unconstitutional in 1935. Two substitute acts followed, but as their constitutionality was doubtful, a third one, the Railroad Retirement Act of 1937 was passed, and with it an act to finance the plan, the Carriers' Taxing Act of 1937. These were held constitutional.

In 1935 Congress passed the Social Security Act hailed by many as the outstanding legislation of the New Deal. Certain provisions of this Act apply to unemployment and retirement annuities, but the discussion of these provisions is deferred to Chap. XXV, in which social security legislation is analyzed more fully.

**Legislation Affecting Women in Industry.** It is commonly conceded that in order to safeguard the future of our population, the health of women should be protected. Accordingly, the right of the states to legislate for the benefit of women workers is not questioned. The majority of our states have some enactments pertaining to women workers in industry, but two of the largest groups have not been included — those in agricultural and domestic service.

These laws deal with working conditions, hours of work, and latterly, wages. In 1917 the Supreme Court of the United States ruled favorably on state laws to regulate hours of women in industry, and by 1937 twenty states had enacted such laws. The specified number of hours varies in the different states, with eight or ten the most frequent minimum. In many states women are barred from occupations that are hazardous physically or that might be injurious morally; such as hauling of freight and baggage, working in mines, quarries, smelters, bowling alleys, shoe-shining parlors. Women are also barred from those trades in which occupational diseases might be generated. Some states forbid the employment of women for a certain period before and after childbirth. Too, attempts are made in many states, particularly the northeastern and the southern, to control women's work in the sweatshop trades.

Specifications relating to working conditions cover sanitation of rest rooms, proper lighting for work, ventilation, seats, rest periods, and similar matters. Minimum-wage laws are now legal, under a decision of the United States Supreme Court in 1937. Twenty-two states now have such laws. And of course the specifications of the Fair Labor Standards Act (1938) apply to production that enters interstate trade.

Many women and women's organizations are opposed to any legal controls over women in industry. They claim that it bars women from competing with men on equal grounds. This opposition has brought no results, however, in stemming the tide of such legislation or in effecting any repeals. Failing in these efforts the various women's groups are now lobbying for modification of these laws at least in the matter of hours. They ask that women in the highest clerical positions and those serving in administrative capacities be released from minimum-hour stipulations, with the accompanying overtime increment in pay. They fear that management will replace them with men if these amendments are not granted.

In Chap. XXI it was pointed out that, in general, women have been indifferent to union organization. This trend may be changing, however, as indicated by the recent successes in unionizing women workers in the industrial regions of the South.

**Legislation Affecting Underage Workers.** Legislation by states to control child labor began early in our national history,

with a law passed in Connecticut in 1813 regulating the education of employed children. But the movement on the whole did not progress rapidly during the nineteenth century, as evidenced by the fact that in 1899 only 28 states had passed child labor laws of any kind. In 1904 the National Child Labor Commission was organized and its leadership soon had the support of scores of other socially minded organizations, such as women's clubs. The American Federation of Labor also cooperated. Today every state has some legislation affecting child labor, though some of the laws are very meager and very loosely enforced. The standards set up by the National Child Labor Commission have had a good influence on legislation; they are minimum age of fourteen years for employment in manufacturing; sixteen years in mining; maximum of eight hours a day; no night work; and documentary evidence of age.

Great impetus to the curtailment of child labor came from the Smith-Hughes Act, 1919, which gave the states financial aid for continuation schools and other kinds of vocational education. This support required compulsory school attendance, which automatically cut down child labor in industry. It can readily be understood that school attendance laws must exist and be thoroughly administered if child labor laws are to be enforced.

The two federal laws to control child labor, 1916 and 1919, were declared unconstitutional. In order to legalize federal child labor legislation, Congress in 1924 passed a bill for amendment to the Constitution, giving Congress the right to regulate the labor of minors up to nineteen years. But up to the present only twenty-eight states have ratified this proposed amendment. There remains some hope for ratification by three-fourths of the states, as the Supreme Court ruled in 1939 that the amendment was still pending, and that it would be legal for a state that had originally voted against the amendment to reverse its position. However, current news suggests the likelihood that a substitute amendment may be offered by Congress, with the age limitation lowered to sixteen years and possibly with the provision that the ratification period may not extend beyond five years. With this significant change in the age limit and with the more liberal attitude of the Supreme Court in recent years, it is hoped that the United States may be able in another decade to claim jurisdiction over youth in industry.

Under the NIRA all industrial codes were to carry a statement that the use of child labor constituted unfair competition. Although this Act was overruled by the Supreme Court, its influence has carried over into other child labor legislation. The Walsh-Healy Public Contracts Act of 1937 specifies, with reference to child labor, that on goods produced for the Federal government amounting to \$10,000 or more, no boys under sixteen nor girls under eighteen may be employed. The Jones Sugar Act of 1937 denies government subsidy to any beet grower who has used the labor of children under fourteen, except where the children's parents own 40 per cent of the crop. The Fair Labor Standards Act of 1938 contains a clause affecting child labor, stipulating that children may not be employed in the production of goods that are involved in interstate commerce. Control under this Act resides in the Children's Bureau of the Department of Labor, which has the power to extend the sixteen-year regulation up to eighteen years if the industry is hazardous. Thus the Federal government, in an indirect way, has secured control over child labor in a large proportion of industries, though denied the power which the amendment would have granted.

**Legislation Affecting Wages and Hours.** Until a few years ago wages and hours legislation has applied only to women and children, as set forth in the preceding section of this chapter. State laws purporting to regulate wages and hours of all industrial workers have either been declared unconstitutional or are of doubtful status. In 1937, however, the Supreme Court approved an interstate minimum wage agreement undertaken by several states. In that year also the Federal government, through the Walsh-Healy Public Contracts Act, required that all industries securing government contracts of \$10,000 or more must establish a 40-hour week or 8-hour day and must pay the prevailing wage rate. The Guffey Coal Bill reenacted in 1937 provided for regulation of wages and hours for workers in the coal industry.

In 1938 Congress passed the Fair Labor Standards Act (also known as the Federal Wage and Hour Law) to apply to industries engaged in interstate commerce. This law established maximum hours as follows: 44 hours per week during the first year, ending November, 1939; 42 hours per week during the second year; 40 hours per week thereafter. The minimum wage standards are:

25 cents per hour during the first year; 30 cents per hour during the next six years; 40 cents per hour thereafter. The agency responsible for the administration and enforcement of this Act is the new Wage and Hour Division of the Department of Labor. The Secretary of Labor appoints the administrator of this Act, to whom power is given to fix wages, to grant wage differentials, and to enjoin violators of the Act.

It is not easy at this time to evaluate federal regulation of hours and wages because this Act has been in force only a short time and because the Act covers only a minor portion of our laboring population. The AF of L estimate is 11,000,000 workers.<sup>1</sup> It is encouraging that so few employers have shown antagonism to the Act, but on the other hand there appears to be a definite tendency for employers to install machinery to replace workers wherever possible. The AF of L feels that the staff of inspectors is inadequate and not well seasoned in trade-union experience. The Federation therefore urges that all unions create wage and hour committees to carry on educational and informational work among union members and among the unorganized wage earners.

#### TERMS TO BE UNDERSTOOD

assumption of risk doctrine	contributory negligence
peaceful picketing	secondary boycott
labor injunction	fellow-servant rule
yellow-dog contract	sit-down strike
union label	

#### QUESTIONS FOR DISCUSSION

1. If you were the manager of a shoe factory, to what extent, if any, would your labor contracts be affected by the Fair Labor Standards Act?
2. Cite Supreme Court decisions on labor legislation within the last few years that indicate a more liberal attitude on the part of the Court.
3. In what way should the National Labor Relations Act diminish the number and power of company unions? Cite an illustration of the company union today.
4. If you were one of several influential leaders among the laborers of a large factory in which only a company union exists, what steps would you and your fellow leaders take to convert the union into either an AF of L or a CIO union?

<sup>1</sup> Report of the Executive Council of the American Federation of Labor, 1939, p. 148.



5. What relation do you see between the history of labor unionism among railroad employees and the number of federal laws affecting this group of workers? Refer also to Chap. XXI.
6. To what extent has the employer's freedom to do as he pleases with his own factory been limited in recent years?
7. Why are some women opposed to special legislation designed to protect women?
8. Why has organized labor opposed some labor legislation designed to help labor?
9. What is meant by factory inspection? Are there factory inspectors in your state? What do they do and under what authority?
10. How has the interstate commerce clause of the Federal Constitution been used to regulate labor relations and labor conditions?
11. How does the United States compare with England in respect to labor legislation?
12. Why are strikes more frequent during recovery from a depression? How might they be minimized or avoided?
13. What machinery for mediating labor disputes exists in the United States? What other measures would help?

#### FOR FURTHER STUDY

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- Monthly Labor Review*, United States Department of Labor, Bureau of Statistics, Washington, D. C., 1935 to date. Sections on "Labor Laws" and "Court Decisions."
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## CHAPTER XXIII

### STANDARDS OF LIVING AND ECONOMIC INEQUALITY

The success of an economic system is measured largely in terms of the goods and services which it produces for the population it must support. The American economic system, making generous use of the many raw materials of industry with which this nation is favored, has produced goods and services in such unprecedented amounts that it has permitted the highest standard of living the world has known. Despite this excellent record, there are large segments of the population which are not enjoying this standard. These segments have been called the "ill-fed, ill-clothed, and ill-housed third of the nation." Various studies of the incomes and standards of living of the American people show that relatively few people in the United States are enjoying comfortable incomes; many are able to enjoy only the barest necessities of life, while many more can scarcely afford even the minimum essentials of health and decency. This constitutes a challenge to the economic order.

Many of our social problems have their roots in the size of the national income and especially in its distribution. With a larger national income and a more equitable distribution of that income, many of our present problems would be well on the way toward solution. In the meantime, however, in order to appreciate social problems in their current setting, we must determine how our national income is divided and how this income is spent. By such a study we will discover how various segments of the population get along in terms of economic goods and services. We will also discover some sore spots which call for remedial action.

Before actual studies were made of the distribution of the national income, it was generally believed that the average American family enjoyed quite a comfortable living and was many times better off than the average family in any European country. There are some

who talk today in the same vein. They point out<sup>1</sup> that while France and England have one automobile to every 18 persons, Italy one to every 93, and Russia one to every 252, the United States has a car for every 4 persons. In a similar way they point out our proportionate superiority in the ownership of radios, telephones, bathtubs, and a host of other goods and services which are commonplace in the United States. Such statements are undoubtedly true, yet they present only one side of the picture — the bright side.

While the people of the United States have a higher average income than those of any European country, there are wide deviations from this average. Studies of family incomes by the National Resources Committee and other public and private agencies demonstrate conclusively that there is great inequality in the distribution of the national income, that the so-called "American" standard of living is not representative of the population as a whole. Millions of American families are receiving incomes which are no credit to the ability of the economic system to perform its function in production and distribution.

The importance of learning exactly who gets the national income and how it is spent is being appreciated more and more. At the request of interested business groups, the 1940 Census contained questions pertaining to income and spending. When these replies are tabulated we will possess a more comprehensive picture of how Americans live than has ever been available before. The information will be of great assistance in determining what groups need aid from the greater society.

**Income and Standard of Living.** C. S. Wyand writes that the "standard of living" is composed of the goods which have become habitual items of consumption for typical members of an economic class or group.<sup>2</sup> These goods do not include what an individual would like to have, but only those things which he feels he must have to "belong" to his particular economic group. This use of the term "standard of living" implies that there are many different standards in existence in America. In addition, this use of the term does not describe the way spending units actually spend their

<sup>1</sup> National Association of Manufacturers, *The American Standard of Living*, Booklet No. 4, rev. ed., New York, Jan., 1940.

<sup>2</sup> C. S. Wyand, *The Economics of Consumption*, p. 469.

income. The terms "plane of living" or "scale of living" refer to the actual expenditures of individuals or family groups.

The term "national income" refers to the net volume of goods and services produced in a given year. To make this understandable, we give dollar values to these items, so that we speak of the national income in terms of billions of dollars. In talking of family or individual incomes we include the net earnings of the various members of the family, profits, dividends, interest, rent, pensions, annuities, benefits, gifts used for current living expenses, value received from occupancy of owned homes, and — for rural families — the value of home-grown food and other farm products used by the family.<sup>1</sup>

The money income received by persons is spent for food, clothing, shelter, and other goods and services — the things which are produced by the economic system — and it is these goods and services which the individual consumes that represent his real income, as contrasted with his money income, part of which may be saved or invested. In order to determine how these goods and services are distributed among the American consuming units we must first find out how the money income was distributed. Attention will therefore be turned to a discussion of the distribution of the national income.<sup>2</sup>

## THE DISTRIBUTION OF THE NATIONAL INCOME

It is possible to show the distribution of the national income in a variety of ways. We can show it for the population as a whole; we can show the distribution by thirds and tenths of the population; we can show the division into wages, rent, interest, and profit; we can show regional differences; rural-urban differences; occupational differences; and racial differences. Each of these will be discussed in the following pages.

**Incomes of All Consumers.** Table XXXVII below shows how the national income in 1935-1936, which amounted to almost sixty billions of dollars, was divided among American families and single individuals, according to income levels.<sup>3</sup>

<sup>1</sup> National Resources Committee, *Consumer Incomes in the United States*, p. 2.

<sup>2</sup> Unless otherwise indicated, the statistics on incomes are derived from *Consumer Incomes in the United States*, *op. cit.* The data, secured from a study of 300,000 families, refer to July, 1935-June, 1936 incomes.

<sup>3</sup> *Ibid.*, p. 6. The inclusion of single individuals, numbering over 10,000,000, with the families, numbering over 29,000,000, has the effect of increasing the proportion of

TABLE XXXVII<sup>1</sup>

DISTRIBUTION OF FAMILIES AND SINGLE INDIVIDUALS AND OF AGGREGATE  
INCOME RECEIVED, BY INCOME LEVEL, 1935-1936

<i>Income Level</i>	<i>Families and Single Individuals</i>			<i>Aggregate Income</i>		
	<i>Number</i>	<i>Per Cent at Each Level</i>	<i>Cumulative Per Cent</i>	<i>Amount (in Thousands)</i>	<i>Per Cent at Each Level</i>	<i>Cumulative Per Cent</i>
Under \$250 . . .	2,123,534	5.38	5.38	\$294,138	0.50	0.50
\$250-\$500 . . .	4,587,377	11 63	17.01	1,767,363	2.98	3.48
\$500-\$750 . . .	5,771,960	14 63	31 64	3,615,653	6 10	9 58
\$750-\$1,000 . . .	5 876,078	14.90	46 54	5,129,506	8 65	18.23
\$1,000-\$1,250 . . .	4,990,995	12 65	59.19	5,589,111	9 42	27 65
\$1,250-\$1,500 . . .	3,743,428	9.49	68.68	5,109,112	8.62	36.27
\$1,500-\$1,750 . . .	2,889,904	7.32	76.00	4,660,793	7 87	44.14
\$1,750-\$2,000 . . .	2,296,022	5.82	81 82	4,214,203	7 11	51 25
\$2,000-\$2,250 . . .	1,704,535	4.32	86.14	3,602,861	6.08	57.32
\$2,250-\$2,500 . . .	1,254,076	3 18	89.32	2,968,932	5.01	62 34
\$2,500-\$3,000 . . .	1,475,474	3 74	93.06	4,004,774	6.76	69.10
\$3,000-\$3,500 . . .	851,919	2.16	95.22	2,735,487	4.62	73.72
\$3,500-\$4,000 . . .	502,159	1.27	96.49	1,863,384	3.14	76.86
\$4,000-\$4,500 . . .	286,053	.72	97.21	1,202,826	2.03	78 89
\$4,500-\$5,000 . . .	178,138	.45	97.66	841,766	1.42	80 31
\$5,000-\$7,500 . . .	380,266	.96	98 62	2,244,406	3.79	84.10
\$7,500-\$10,000 . . .	215,642	.55	99 17	1,847,820	3.12	87 22
\$10,000-\$15,000 . . .	152,682	.39	99.56	1,746,925	2.95	90.17
\$15,000-\$20,000 . . .	67,923	.17	99.73	1,174,574	1.98	92.15
\$20,000-\$25,000 . . .	39,825	.10	99.83	889,114	1.50	93 65
\$25,000-\$30,000 . . .	25,583	.06	99 89	720,268	1.22	94 87
\$30,000-\$40,000 . . .	17,959	.05	99.94	641,272	1 08	95 95
\$40,000-\$50,000 . . .	8,340	.02	99.96	390,311	.66	96.61
\$50,000-\$100,000 . . .	13,041	.03	99.99	908,485	1.53	98 14
\$100,000-\$250,000 . . .	4,144	.01	100 00	539,006	.91	99.05
\$250,000-\$500,000 . . .	916	*	.	264,498	.45	99.50
\$500,000-\$1,000,000 . . .	240	*	.	134,803	.23	99 73
\$1,000,000 and over . . .	87	*	.	157,237	.27	100.00
All levels . . .	39,458,300	100.00		\$59,258,628	100.00	

\* Less than 0.005 per cent.

incomes in the lower brackets. This does not alter the results seriously, however. The picture for families alone is given in Table 3, p. 18, of that volume. For brevity the term "consuming units" will be used to refer to families and single individuals. Institutional groups are excluded.

<sup>1</sup> National Resources Committee, *Consumer Incomes in the United States*, p. 6.

It is seen from the table that 17 per cent of the consuming units received less than \$500 income during 1935-1936. Over 59 per cent received \$1250 or less; in terms of weekly pay this amounts to \$24, certainly not a large pay with which to support a family. More than 89 per cent of the units received \$2500 or less, and as will be shown later, it would require about this amount to give the average American family a health and decency standard of living.

The median income — the figure which had half the incomes above and half below — was \$1070, or about \$20.60 a week. The mean income, which is derived by dividing the aggregate income by the total number of consuming units, was \$1502; but this figure is too high for most families, because the large incomes of a few families raise the average figure. Even this income, however, would not provide the average family with more than the minimum essentials for health and decency.

**The Three-Thirds of the Nation.** The inequality in the distribution of income is seen clearly when the consuming units are divided into thirds. The lowest 33 $\frac{1}{3}$  per cent of the consumer units, those with incomes under \$780 in 1935-1936, received only 10 per cent of the aggregate income, or an average income of \$471 per unit. This is the "ill-fed, ill-clothed and ill-housed" third of the nation for whom President Roosevelt has expressed special concern. The \$9 a week average income cannot provide a very high plane of living, especially when it is realized that this income figure includes the imputed rental values of homes inhabited by the owners, and the value of food and other articles grown or made at home. It also represents the earnings of all employed members in the family.

The National Resources Committee report states that:

These 13 million families and single individuals are not a distinct and unusual group; they include all types of consumer units, living in all types of communities, and belonging to all the major occupational classifications. They differ from the other two-thirds of the nation principally in the large proportion receiving relief at some time during the year, in the large number living on farms, and in the small number found in professional, business, and clerical occupations.<sup>1</sup>

The middle third of the consumer units in the nation included the 13 million units receiving between \$780 and \$1450 during the year. About 13 per cent of this group received some relief during

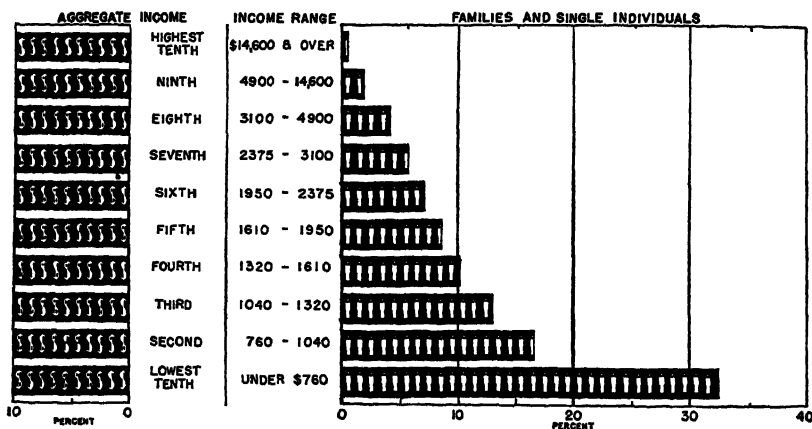
<sup>1</sup> *Ibid.*, p. 9. See Table 3 B, page 95, for the figures used in this section.

the year. This  $33\frac{1}{3}$  per cent received 24 per cent of the total income, with an average (mean) income of \$1076, or \$20.70 a week.

The upper third included those receiving incomes ranging from \$1450 to over a million dollars. As a group they received 39 billion, nearly two-thirds of the aggregate income of all consuming units. This is in sharp contrast to the 10 per cent of the aggregate income received by the bottom third. The average (mean) income of the top third was almost \$3000, but this is weighted upward by the very large incomes at the top. Most of the wage-earning families in this group were near the \$1450 figure, with the average income close to \$2100, about \$40 weekly. The families in the professional and business groups had average incomes of \$5000 and \$4400 respectively, which permitted very comfortable living.

**Income Division by Tenths.** Greater extremes in incomes are shown when the national income is divided into tenths, with the number of consumer units each tenth supports, and when the consumer units are divided into tenths, with the proportion of the aggregate income each tenth receives. Figure 31 indicates the first division.

PROPORTION OF NATION'S CONSUMER UNITS RECEIVING  
EACH TENTH OF AGGREGATE INCOME  
1935-36



This chart may be read either by length of bars or by symbols

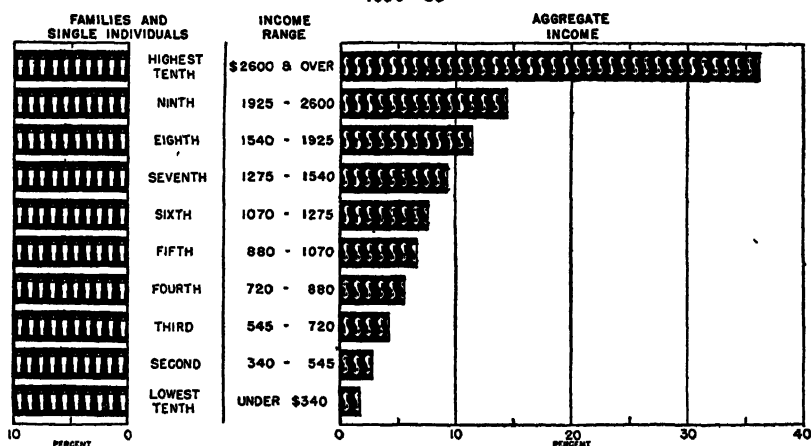
Each dollar symbol represents 1 percent of aggregate income of all families and single individuals or \$592,586,280  
Each figure symbol represents 1 percent of all families and single individuals or 394,583 consumer units

FIG. 31

From National Resources Committee, *Consumer Incomes in the United States*, p 7.

From Fig. 31 it is seen that the lowest 10 per cent of the aggregate income supports 12,745,000 consumer units, or 32.3 per cent of the total. Thus one-tenth of the income must support one-third of the population. The two lowest tenths of the income (one-fifth) supports almost half of the population (48.9 per cent). At the other extreme, the same amount of income which supports the bottom 32.3 per cent of the consumer units is received by the upper 0.5 per cent of the consumer units. The two highest tenths of the income go to 2.4 per cent of the consumer units, while the same amount must support 48.9 per cent of these units at the two lowest tenths.

SHARE OF AGGREGATE INCOME RECEIVED  
BY EACH TENTH OF NATION'S CONSUMER UNITS  
1935 - 36



This chart may be read either by length of bars or by symbols

Each figure symbol represents 1 percent of all families and single individuals or 394,583 consumer units

Each dollar symbol represents 1 percent of aggregate income of all families and single individuals or \$592,586,280

FIG. 32

From National Resources Committee, *Consumer Incomes in the United States*, p. 5.

Figure 32 shows the same situation in a different way. Here it is seen that the lowest 10 per cent of the consumer units receive only 1.7 per cent of the total income. The top tenth, however, receives 36.2 per cent, or more than the bottom six-tenths combined. In other words, 10 per cent of the consumer units at the top receive almost as much total income (36.2 per cent) as the bottom 70 per cent (37.8 per cent). In fact, the top 5 per cent receive almost as much (27.2 per cent) as the bottom 60 per cent (28.5 per cent). The highest 1 per cent receive almost as much (13.8 per cent) as the



bottom 40 per cent of the consumer units (14.4 per cent of the total income); here indeed is gross inequality in the receipt of income. The top 1 per cent can live in luxury while the bottom two-fifths of the population must share jointly the very same income.

**Regional Differences in Income.** In a country the size of ours there are bound to be variations in income among the various regions of the nation. Some regions are poor in natural resources, others are rich; some regions are heavily settled, others are sparsely settled; some regions are heavily industrialized, others are largely agricultural. All of these factors have an effect on the productivity of the various regions, and hence upon their incomes. The differences in income by geographic regions of the United States are shown in Table XXXVIII below.

TABLE XXXVIII<sup>1</sup>  
AVERAGE INCOMES OF FAMILIES IN FIVE GEOGRAPHIC REGIONS, BASED ON  
SAMPLE DATA, 1935-1936

<i>Geographic Region</i>	<i>Average Income per Family</i>			
	<i>Median</i>		<i>Mean</i>	
	<i>All Families</i>	<i>Nonrelief Families</i>	<i>All Families</i>	<i>Nonrelief Families</i>
New England . . . . .	\$1230	\$1365	\$1810	\$2011
North Central . . . . .	1260	1410	1786	1973
South . . . . .	905	985	1326	1431
Mountain and Plains . . .	1040	1220	1363	1537
Pacific . . . . .	1335	1485	1775	1937

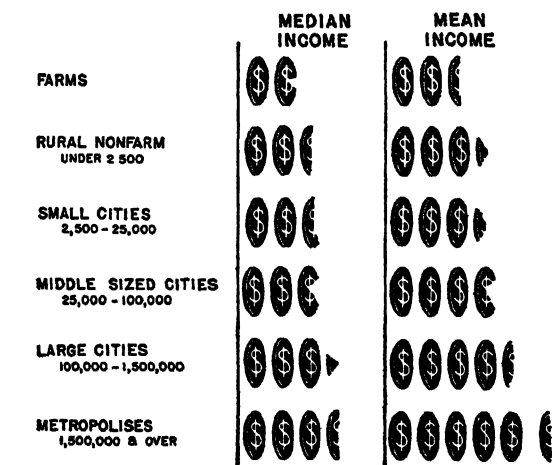
New England families, with a mean income of \$1810 per year, fared better than did the families in other regions of the country. The families in the North Central and Pacific regions had the next highest incomes, with mean incomes of \$1786 and \$1775 respectively. The Mountain and Plains Region was next with \$1363, while the South came last with \$1326. It should be pointed out that the latter two regions are predominantly rural and agricultural, while the first three regions are highly industrialized, have the largest cities, and have the largest income receivers. The lower incomes in the farmer regions are augmented in part by the fact that prices are lower than in the industrialized sectors.

<sup>1</sup> National Resources Committee, *Consumer Incomes in the United States*, p. 6, Table 6.

**Rural-Urban Differences in Family Income.** Differences in family incomes exist not only between the urban and rural sections of the country but also between the different sized cities and metropolitan areas. Figure 33 shows this information.

**AVERAGE INCOMES OF NONRELIEF FAMILIES  
IN SIX TYPES OF COMMUNITY**

1935-36



EACH DISC REPRESENTS \$500 OF INCOME FOR THE YEAR

FIG. 33

From National Resources Committee, *Consumer Incomes in the United States*, p. 24.

The families living in the larger cities and in the metropolises received larger shares of the total family income in proportion to their numbers than did the families in the smaller communities and rural areas. Metropolitan families made up 11.3 per cent of all families, but received 17.1 per cent of the total family income; on the other hand, farm families made up 24.8 per cent of the total, yet received only 17.5 per cent of the total family income. The median farm income of \$965 compared unfavorably with the median for metropolises, \$1730. The mean farm income of \$1259 made an even poorer showing against the mean of \$2704 for metropolises, but it should be remembered that the very wealthy, who live mainly in the metropolises, raise the latter average considerably.

These marked differences in income do not necessarily mean that farm families are so much worse off than city families. A farm income of \$965 will provide a different standard in a farm area than it will in an urban area. To begin with, retail prices are lower in the rural areas, but more important is the fact that farm families produce most of their own food and fuel. While these factors enter in the determination of the total income, their lower cost on the farm means more to the farm families in terms of actual living standards. In addition, this dollar income is increased for the average farm family by a larger volume of unpaid services from the wife and other members of the family, and these free services reduce considerably the amount of money that must be spent for food, clothing, and other items in the family budget.

The data show, however, that the average farm family has 4.5 persons, as compared with 3.5 for the large cities and metropolises. This again means a greater burden on the farm income, which is much smaller to begin with. "On the whole, it seems probable that the advantages in living cost accruing to farm families are not sufficient to offset the full amount of difference found between their incomes and those of other groups. Beyond these differences in money incomes and costs of living there are, of course, many differences in the satisfaction derived from rural and urban modes of living which cannot possibly be evaluated in monetary terms."<sup>1</sup>

**Functional Distribution of Income.** By functional distribution of income we refer to the distribution according to the economic functions performed; that is, whether one is an employee, business owner, a rentier, or a capitalist. Table XXXIX shows this distribution as a percentage of the income for that year.

It is interesting to note that employees received about the same percentage of the national income during the depression years as they had averaged before 1930. Businessmen held their own rather well except for the worst depression years. Rents and dividends dropped somewhat, but interest payments actually increased after 1929 above the pre-1929 average. Some people feel that since labor receives about two-thirds of the national income, it shows that labor gets treated well. It should be added, however, that the so-called wage-earner group makes up much more than 65 per cent of the income receivers, so that the average income is

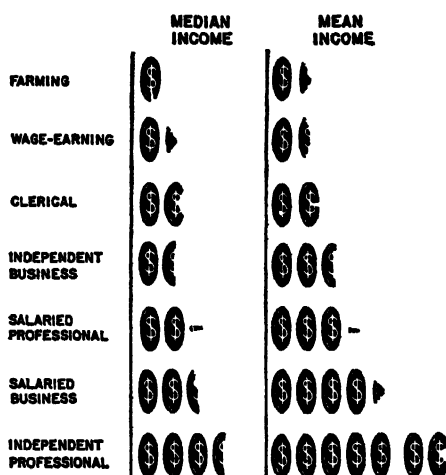
<sup>1</sup> National Resources Committee, *Consumer Incomes in the United States*, p. 11

TABLE XXXIX<sup>1</sup>PERCENTAGE DISTRIBUTION OF TOTAL INDIVIDUAL INCOME, BY TYPE OF RECEIPT  
1926-1937

Year	Total Income	Compensation of Employees	Entrepreneurial Net Income	Net Rents and Royalties	Dividends	Interest
1926	100.0	63.0	17.6	4.6	6.1	5.9
1927	100.0	62.9	16.8	4.3	6.5	6.2
1928	100.0	61.1	16.4	4.2	6.5	6.2
1929	100.0	62.9	16.0	4.1	7.1	6.4
1930	100.0	67.6	14.4	3.8	8.1	7.8
1931	100.0	70.8	12.8	3.6	7.5	9.6
1934	100.0	65.9	16.8	3.2	5.3	9.8
1935	100.0	64.7	17.5	3.3	5.3	8.5
1936	100.0	63.6	17.3	3.4	7.1	7.2
1937	100.0	65.1	17.2	3.5	7.4	6.7

not very high. It is also alleged that since rent, interest, and dividends make up such a small percentage of the total income, it proves that these payments are not excessive. Because of the relatively few people in these groups, however, the average income is relatively high as compared with that of the wage earner.

**Occupational Differences in Income.** Another method of comparing incomes is on the basis of the type of occupation of the chief earner in the family.

AVERAGE INCOMES OF NONRELIEF FAMILIES  
IN SEVEN OCCUPATIONAL GROUPS  
1935-36

EACH DISC REPRESENTS \$1,000 OF INCOME FOR THE YEAR

FIG. 34

From National Resources Committee, *Consumer Incomes in the United States*, p. 26.

<sup>1</sup> Adapted from Table 10, p. 37, and Table 11, p. 38, of *Investigation of Concentration of Economic Power*, Temporary National Economic Committee, Monograph No. 4, Washington, D. C., 1940.

Figure 34 shows this classification. The wage-earning families make up 37.9 per cent of the families but receive only 27.5 per cent of the total family income. This percentage of families in the wage-earner class is abnormally low because this table excluded relief families, and it is well known that the majority of relief families are ordinarily in the wage-earner group.

It is interesting to note that while the salaried business and independent professional groups make up 4.5 and 1.4 per cent respectively of the total families, they received 10.6 and 5.2 per cent respectively of the total income. The groups that make up the largest number of families also have the lowest median and mean incomes, indicating that the more of a particular group there are, the lower will be the average income.

A further breakdown of these occupational groups according to the size of city or town in which the families were located showed that for each of the occupational groups the family incomes were lower in the smaller towns than in the large cities and metropolises.

**Income and the Size of the Family.** Economic factors as a cause of smaller families can be appreciated when we study the relation between the size of a family and its income. This is shown in Table XL on opposite page.

It is seen that for a time the median and mean incomes rise as the size of the family increases, but at seven children or more the absolute income of the family falls. The rise in income is not nearly enough to offset the increase in the size of the family, and as a result the per capita income drops sharply from \$774 for two-person families to \$221 for families of seven or more persons. For relief families, averaging 4.5 persons, the per capita income was \$165.

While two cannot live as cheaply as one, or four as cheaply as two, yet the various economies in living expenses possible in the larger households reduce in considerable measure the amount of additional income required for each additional member. . . . But for families of three or more members, it is evident that the average level of living fell as the size of the family increased. Although a larger proportion of these households included young children, whose costs of maintenance are lower than for the average adult, the sharpness of the drop in per capita incomes clearly suggests a drop in real income.<sup>1</sup>

**Racial Differences in Income.** Perhaps the most difficult differences in income to justify are those that exist between the whites

<sup>1</sup> National Resources Committee, *Consumer Incomes in the United States*, p. 21.

TABLE XL<sup>1</sup>

## AVERAGE AND AGGREGATE INCOMES OF NONRELIEF FAMILIES OF FOUR SIZES AND OF RELIEF FAMILIES, \* 1935-36

Relief Status and Size of Family	Families		Average Number of Persons per Family	Average Income			Aggregate Income	
	Number	Per Cent		Per Family		Per Capita (Mean)	Amount (in Thousands)	Per Cent
				Median	Mean			
Families not receiving relief:								
2 persons . . . . .	6,668,800	22.7	2.0	\$1130	\$1549	\$774	\$10,329,539	21.7
3-4 persons . . . . .	11,170,400	38.0	3.4	1360	1864	542	20,823,778	43.6
5-6 persons . . . . .	4,804,400	16.3	5.4	1370	1905	355	9,151,457	19.2
7 or more persons . . . . .	2,269,600	7.7	8.1	1235	1787	221	4,055,126	8.5
All nonrelief families . . . . .	24,913,200	84.7	3.8	\$1285	\$1781	\$463	\$44,359,900	93.0
Families receiving some relief*	4,487,100	15.3	4.5	685	740	165	3,319,338	7.0
All families . . . . .	29,400,300	100.0	3.9	\$1160	\$1622	\$411	\$47,679,238	100.0

\* Families are classified as receiving relief if they received any direct or work relief (however little) at any time during year. Many such families were dependent on relief for part of the year only, and then may have been only partially dependent. The incomes of the relief group therefore include earnings from regular employment and other nonrelief income as well as direct relief, in cash and kind, and work-relief earnings.

<sup>1</sup> *Ibid.*, p. 21.

and the Negroes and other racial groups. Much of the differential appears to be based solely on the racial characteristics, since the racial comparisons are made for each type of area. Figure 35 shows a comparison of white and Negro incomes in various types of communities.

**AVERAGE INCOMES OF WHITE AND NEGRO FAMILIES  
(NONRELIEF) IN THREE TYPES OF COMMUNITY  
1935-36**

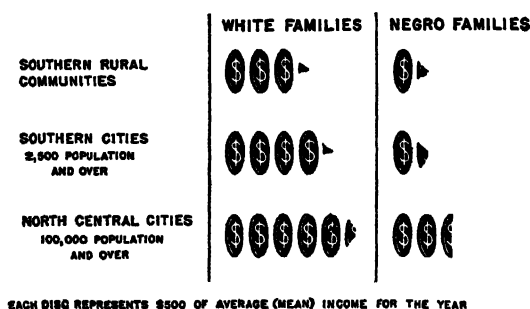


FIG. 35

From National Resources Committee, *Consumer Incomes in the United States*, p. 28.

In the rural South over half of the nonrelief Negro families had incomes of less than \$500; more than nine-tenths of them had less than \$1000 a year income in 1935-1936. The white families had only 10 per cent with incomes below \$500 and 45 per cent below \$1000. In southern cities, mostly small in size, 47 per cent of the Negroes made under \$500, while only 6 per cent of the whites had this amount or less. Eighty-six per cent of the Negroes had under \$1000 income, as compared with 26 per cent for the whites. In the large north central cities the same picture holds true, although the differences are not so large as in the South. In trying to explain these marked differences in income, especially when the work is roughly similar, we must keep in mind the fact that as a whole the Negro has access only to the unskilled jobs requiring little training, and that many of the more lucrative positions are closed to him because of racial discrimination.

### CAUSES OF INEQUALITY OF INCOME

There should be some explanation for the great inequality in incomes which has been pictured in the preceding pages. It is not

possible in a few pages to analyze the causes. It is intended here simply to list some of the factors which are responsible for this inequality.

One of the more important causes lies in the unequal distribution of wealth. The ownership of wealth or property usually gives rise to income from that property, and as the individual incomes rise we find that an increasing proportion of the income comes from property which yields an annual return. The lower income groups own little or no property and have to rely entirely on their current efforts for their incomes.

Differences in educational opportunity and training for vocations are in part responsible for some inequality in income. If equal educational opportunity were available to all, more of the young people coming from the poorer families would be able to rise in the occupational, and hence in the income scale. Of course, it must be remembered that individuals differ in their capacity to learn, so that equal opportunity for education does not mean that all will be able to lift themselves from the lowest paying jobs. These individual differences lead to variations in productivity or usefulness, and hence it must be expected that the least productive will, on the whole, get the lowest incomes.

There are various monopolistic elements which lead to inequality of income. Where the employer has complete control over his laboring force he is able to pay abnormally low wages. Where strong labor unions exist they often secure for their members higher wages than would exist under individual competitive conditions or in the absence of collective bargaining. Sometimes the effect of union wage scales is to raise the wages of the unorganized workers, but on other occasions the increase in union wages comes at the expense of the workers in the lower grades of skill, thereby increasing the inequality.

Regions which are poor in natural resources are usually regions of low wages. When the scarcity of economic opportunity is accompanied by a surplus supply of labor, which comes from large families or from technological displacement of workers from other jobs, such as agriculture, we find extremely low wage scales prevailing. This situation seems to explain in large measure the low wages and incomes of workers' families in the South. In other regions we find decaying industries, which result from the exhaustion of natural



resources, from the drop in demand for the product, or from the movement of the industry to more advantageous locations. In the face of these changes we find an immobile labor force, such as exists in the Pennsylvania coal fields, which hangs on hoping for occasional work. Average incomes for such families are on the poverty level.

When workers are displaced by machines in periods of technological change many of the workers are able to find only jobs which are lower in the rank of skill and which pay less. This competition from the machine tends to reduce the value of labor, and tends to prevent wages from rising above certain levels, thereby making inequality more pronounced and enduring because the savings made at labor's expense will go to other income recipients.

A fundamental factor in the size of the individual income is the size of the national income itself. The inequality in incomes might not be so objectionable if the lower groups had incomes approximating a decent level, but with the national income at its present size, in order for the groups at the top to get as much as they do the groups at the bottom have to be content with little for themselves. In 1928 the highest 1 per cent of the income recipients received 19.26 per cent of the total income, leaving about 80 per cent for the remaining 99 per cent of the income recipients. Perhaps with a national income of 100 billion dollars such inequality could exist and the lower groups might still enjoy decent livelihoods.

In trying to explain how a few families are able to secure such a large share of the national income, we must go back to the historical development of the nation. Most of the current large fortunes owe their origin to some sort of monopolistic power that was held by the founder of the fortune. Some fortunes, like that of the Astor family, arose from the fortuitous increase in land values. Some clever businessmen were able to seize control over poorly organized markets, and made fortunes from their superior competitive positions. Some of the largest fortunes resulted from the monopolistic control over valuable natural resources, such as Rockefeller over oil and Mellon over aluminum. Others got rich by controlling important stages in the processing of these raw materials. The early railroad promoters and developers reaped a rich harvest, often at the expense of the gullible investor. The promoters of holding companies and trusts in our large industries reaped millions from their

"inside" positions, as did those who used their inside information in their stock market speculation. The rapid expansion of new industries, such as agricultural machinery, electrical appliances, motion pictures, chemicals, and radio, made it possible for those who got there first and who obtained monopoly positions by means of patents or financial manipulations to establish large fortunes which would lead to the receipt of large annual incomes by the inheritors. "It may be confidently stated that were it not for past and present monopoly in one form or another, the prevailing distribution of income would be considerably more equal."<sup>1</sup>

### REDUCING ECONOMIC INEQUALITY

It would seem obvious that the most fruitful method of reducing economic inequality is by correcting the causes of inequality. It should be repeated again that perfect equality is neither possible nor desirable. There should be differences in income based on differences in contribution to production. But it would be desirable to eliminate all the unfair elements in the inequality of incomes by seeing that the earners of income get the full value of their contribution to production, while those who receive "unearned" incomes, such as the rent of land and surplus profits, might be taxed heavily, since this would not affect productive efficiency. Those who receive unearned incomes are taking that much away from those who get less than they are worth, and this condition exists because of the existence of monopoly power. As a general proposition, the elimination of monopolistic elements in production would do much to reduce economic inequality.

Since the unequal ownership of wealth is an important cause of unequal income, it has been proposed to remedy this particular condition by reducing concentrated wealth by means of heavier death and inheritance taxes and by steeply graduated income taxes which would prevent the accumulation of new fortunes in the future.

Another suggested mode of attack is the indirect method of permitting inequality in the receipt of income but not such great inequality in the spending of income. By taxing the higher incomes at a high rate and making this sum available to the poor by means of free public services, the main objective would be realized. It

<sup>1</sup> Temporary National Economic Committee, *op. cit.*, p. 1.

was estimated that in 1929 the average worker enjoyed a so-called invisible income, which amounted to about 8 per cent of his income, in the form of free government services, such as public education, public recreational centers, public health centers, and so on. With the recent expansion of government services, it is not unlikely that this figure is 10 per cent or better.

The method of attack used by organized labor groups is to fight monopoly by monopoly. Unionization and collective bargaining have aided considerably in raising labor's share of the national income. Where the unions become too strong they may abuse their power and raise their own wages at the expense of others who do not have union protection. Reducing monopoly in general by stricter enforcement of the antitrust laws would be helpful in the equalization process.

In a fundamental sense, where competition exists, the wage or income depends upon the supply of the particular type of labor or factor of production the individual represents. By reducing the relative supply of the more plentiful factors, such as labor in general and unskilled labor in particular, it might be possible to reshuffle the proportions of the national income going to the respective claimants. Much is being done in this connection by the restriction of immigration, the restriction of the size of families, the apprentice rules of unions, the school-leaving age laws, minimum-age laws for employment, and so on. The effect of these is to reduce the supply of particular types of labor, and if other factors remain constant, the net effect should be an increase in income for these particular groups.

Better and equal educational opportunities would tend to increase the competition for the better-paid jobs and reduce the competition for the low-paying jobs. By proper vocational guidance young workers could be warned against preparing in fields which are already overcrowded and could be trained in fields which promise the greatest opportunities for absorption and advancement.

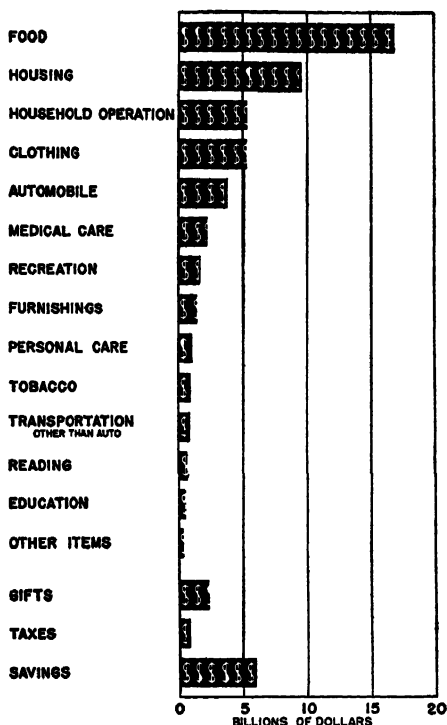
There are various legislative means, such as minimum-wage and maximum-hour laws, and social security legislation, the effect of which may be to raise the incomes of the poorer economic groups. There are circumstances, however, under which such acts may create more unemployment and thus may actually accentuate the inequality in income.

In concluding, it may be emphasized that much can and should be done to reduce inequality by the removal of unfair advantages held by certain powerful groups and individuals. In addition to this more equitable distribution, however, we must seek to enlarge greatly the size of the national income so that all will have a larger piece to share. Perfect equality is not possible because of the great variations in productivity, but it does not seem to be an unreasonable desire that regardless of its contribution to production, each family unit should receive enough to give it a minimum health and efficiency standard of living. Aside from the monetary equalization, much could be accomplished by teaching the low income groups how to make the most effective use of their small incomes; where this has been tried, however, the results do not seem to have been very encouraging.

### STANDARD OF LIVING

It is interesting and important for society to know not only how much income the individual families receive but also how this income is spent and what sort of standards of living the people are enjoying. The National Resources Committee made a detailed study of the budgets of some 60,000 American families for the year 1935-1936 and has given us much data and other information regarding the spending habits of representative American families.

#### AGGREGATE DISBURSEMENTS OF AMERICAN CONSUMERS 1935-36



Each dollar symbol represents \$1 billion of aggregate disbursements

NOTE—Taxes shown here include only personal income taxes, poll taxes, and certain personal property taxes

FIG. 36

From National Resources Committee, *Consumer Expenditures in the United States*, p. 4

**The National Picture.** Taking the nation as a whole we find that out of the total income of 59.3 billion dollars in 1935-1936, 50.2 billions or 85 per cent went for current consumption, 2.2 billions or 4 per cent went for gifts and contributions, 900 millions or  $1\frac{1}{2}$  per cent went for income and personal taxes, and 6 billions or 10 per cent was saved. Of the 50.2 billion dollars spent for current consumption, 17 billions or 29 per cent of the total income went for food, about 16 billions or 27 per cent went for housing and furnishing and operation, 5.3 billions or 9 per cent went for clothing, 3.8 billions went for automobiles, and the remainder went for other items which are shown in graphic form in Fig. 36.

TABLE XLI<sup>1</sup>

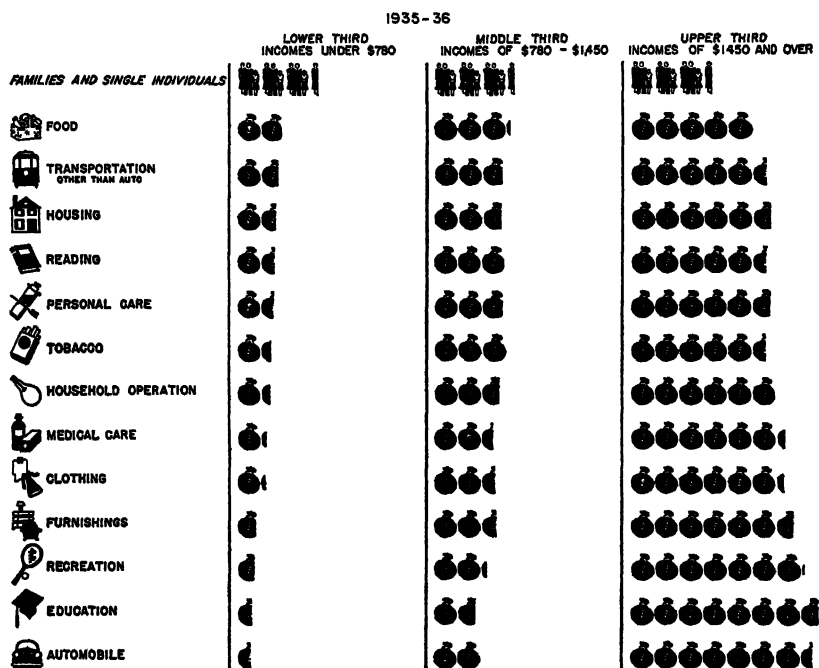
AVERAGE DISBURSEMENTS OF CONSUMER UNITS IN EACH THIRD OF NATION,  
1935-1936

Category of Disbursement	Average Disbursements of Families and Single Individuals in —			Percentage of Income		
	Lower Thrd, Incomes Under \$780	Middle Thrd, Incomes of \$780 to \$1450	Upper Thrd, Incomes of \$1450 and Over	Lower Thrd	Middle Thrd	Upper Thrd
Current consumption:						
Food . . . . .	\$236	\$404	\$642	50.2	37.5	21.7
Housing . . . . .	115	199	408	24.4	18.5	13.8
Household operation . . . . .	54	108	240	11.4	10.0	8.1
Clothing . . . . .	47	102	251	10.0	9.5	8.5
Automobile . . . . .	16	57	215	3.3	5.3	7.2
Medical care . . . . .	20	41	106	4.3	3.9	3.6
Recreation . . . . .	9	28	89	1.8	2.6	3.0
Furnishings . . . . .	9	28	72	1.8	2.6	2.4
Personal care . . . . .	12	22	44	2.5	2.1	1.5
Tobacco . . . . .	10	23	40	2.2	2.1	1.4
Transportation other than auto . . . . .	11	19	37	2.4	1.7	1.3
Reading . . . . .	6	12	23	1.3	1.2	.8
Education . . . . .	2	7	30	.5	.6	1.0
Other items . . . . .	3	6	15	.6	.5	.5
All consumption items . . . . .	550	1056	2212	116.7	98.1	74.8
Gifts and personal taxes . . . . .	13	39	181	2.8	3.7	6.1
Savings . . . . .	— 92	— 19	566	— 19.5	— 1.8	19.1
All items . . . . .	471	1076	2959	100.0	100.0	100.0

<sup>1</sup> National Resources Committee, *Consumer Expenditures in the United States*, p. 40.

**The Three-Thirds of the Nation.** The income picture presented earlier in the chapter for the three-thirds of the nation is broken down here in terms of the use to which these incomes were put. Table XLI shows the actual cash expenditure by thirds for each category of disbursement, while Fig. 37 shows in pictorial form

SHARE OF EACH THIRD OF NATION'S CONSUMER UNITS  
IN AGGREGATE EXPENDITURES FOR CURRENT CONSUMPTION



Each figure symbol represents 10 percent of all families and single individuals.

Each bag symbol represents 10 percent of total expenditure on specified category of consumption

FIG. 37

From National Resources Committee, *Consumer Expenditures in the United States*, p. 9.

how each third shared in the total amount of money spent for the various items in the budget. The figures for the poorest third are especially revealing. Food takes \$236, over 50 per cent of their total income. But spending half the income for food does not provide an elegant table for a family of four at this level; \$4.50 a week for a family provides only the very minimum requirements in food. Very little milk, meat, butter, and other items of high vitamin content can be afforded. The result often is pellagra and stunted

growth and deformed bodies for the youngsters. Even this small absolute expenditure for food was made possible only by the family going into debt, for taking the bottom third as a group the annual expenditure of \$550 for all consumption items was \$92 more than the average income. This deficit was made up from past savings, from borrowing from friends and relatives, and from credit at local stores.

Even the middle third failed on the average by \$19 to cover all expenses, including taxes. Of course, most of the families not only paid all their bills for current consumption but were able to save a little besides, but not enough to offset the deficits of the other families. As a group this third did much better than the bottom third. This  $33\frac{1}{3}$  per cent of the consumer units spent 28 per cent of the total income, as compared to 14 per cent for the bottom third, yet this did not permit the middle group to share proportionately in total consumer expenditures.

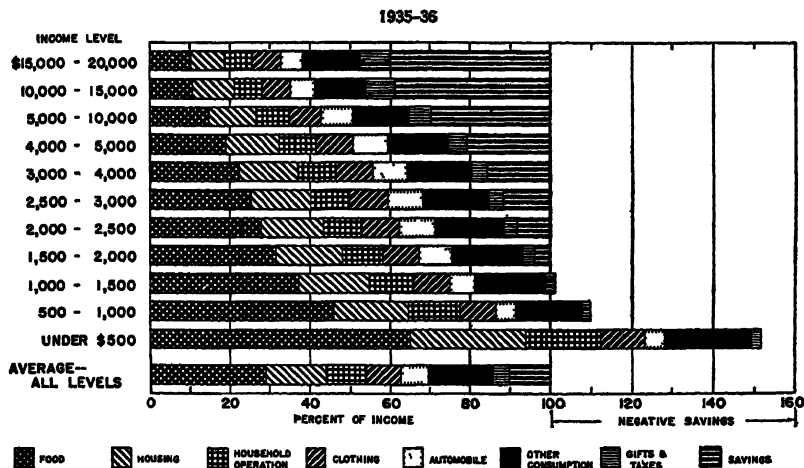
The great differentials in consumption are found again in the top third, or the top fifth, if we examine the data closer, of the consuming units. Figure 37 shows how generously they shared in the expenditures for all consumer goods and services. This group spent 29 billion dollars, 58 per cent of the total expenditures, or four times as much as the bottom group. But this large expenditure accounted for only three-fourths of the income of this group, the other fourth going into savings, which amounted to 10 billion dollars. The top tenth saved 6.3 billion dollars, or more than the entire nation. About three billion dollars of the top third was required to offset the deficits for the bottom two-thirds.

**The Laws of Consumption.** The various scholars and students who have studied consumer budgets and expenditures have tried to make valid generalizations or to lay down so-called laws of consumption which would apply to consumers generally. One of the earliest of the students to name laws of consumption was Ernst Engel. Engel declared that as the income of the family rose the percentage spent on food declined; although it rose in total number of dollars, the clothing expenditure remained about the same, the proportion spent on rent, fuel, and light remained invariably the same, and the proportion spent on miscellaneous items rose.

In the light of subsequent budget studies, and Fig. 38, several of Engel's laws were found to be valid, while several had to be

modified. The statement that the proportion spent on food falls as income rises is definitely correct, as is the statement that the proportion spent on miscellaneous items, such as education, health, and recreation, rises with increases in income. Clothing expenditures, however, show a definite rise with income. Housing expenditures

PERCENTAGE USE OF INCOME BY AMERICAN FAMILIES  
AT DIFFERENT INCOME LEVELS



NOTE — Taxes shown here include only personal income taxes, poll taxes, and certain personal property taxes.

FIG. 38

From National Resources Committee, *Consumer Expenditures in the United States*, p. 21.

tures, while not "invariably the same," show a mixed trend. There is a percentage drop from the lowest incomes to about the \$3000 income level, after which there is a slight rise. Engel, writing in the second half of the nineteenth century, could not foresee the rise of the automobile, but there seems to be a definite trend upward in automobile expenditures as income rises. For incomes over \$2500 automobiles account for over 10 per cent of total expenditures.

**The Levels of Living.** A picture of the incomes and expenditures of American consumer units has been presented to the student. In terms of actual levels of living, on what levels have Americans been living? What sort of "standard" has prevailed? These questions have been asked many times by serious students of the problem. Social workers, especially those interested in minimum-wage laws, have made extensive studies of the actual living habits of our



poorer families, and they have set up "ideal" budgets which, it was felt, the ordinary American family should be able to afford to enjoy a respectable livelihood.

Numerous classifications have been made of the various levels of living. Nystrom described ten different levels, but there seems to be some agreement today that four major classifications are sufficient to present a valid picture of American life. Those at the very bottom who get public aid are for the most part excluded, while the highest income groups, say those receiving \$5000 or over, are omitted because they do not present a problem in consumption. The four definitive levels are (1) poverty, (2) minimum of subsistence, (3) minimum health and decency, and (4) comfort.

On the poverty level, the most careful expenditure of the family income will not make provision for the physical welfare of the family. There is no provision for replacing worn-out household equipment, or for the maintenance of health. Any emergency, no matter how small, makes it necessary to appeal to charity for aid, or, if the family is too proud to take charity, compels the borrowing of funds from friends, relatives, or personal-loan companies. At this level, where we find several million American families, there is a never-ending struggle to keep body and soul together without the assumption of a staggering debt.

At the minimum of subsistence level the income is large enough to maintain physical well-being, but there is no provision for social necessities or major emergencies. Under ordinary conditions the family can keep itself above water.

Occasional makeshifts, extreme prudence in the selection of goods, and careful economy in their use are the characteristics most essential for the preservation of this level and the avoidance of economic disaster. It is the plane at which one "gets along somehow" by managing to procure the barest essentials requisite for minimum physical and economic efficiency.<sup>1</sup>

The level which permits a livelihood according to American standards is the minimum health and decency level. It makes provision not only for the physical welfare of the family but for its elemental social needs as well. The family clothing is respectable and in style. Small savings for emergency use are possible, as are recreation and social activities on a very modest scale. This level may be called the plane of "moderate well-being."

<sup>1</sup> *Wound Economics of Consumption*, p. 459

The comfort level, the desire of most American families, is enjoyed by relatively few families. At this level the "extras" amount to 25 per cent or more of total income. Food, clothing, and shelter are adequate and varied, while recreation, education, and travel are relatively modest. But even at this level lavish consumption leads to economic disaster, because the family purse is soon exhausted unless care is exercised in spending. The highest paid wage earners and the majority of the members of the professional class enjoy this level of living. The income classification runs roughly from \$2500 to \$4000, a range which is beyond more than nine-tenths of American families.

Comish<sup>1</sup> estimated that 16.7 per cent of all American families were living on a pauper level, while 34.8 per cent were on the minimum of subsistence level. Thus over 50 per cent were living at a level below what is considered an acceptable standard. The health and decency standard, an acceptable American standard, was enjoyed by 44.6 per cent of the families, while only 3.8 per cent enjoyed the utilities of the comfort level. In contrast to Comish, Lewis Corey maintained that in the prosperous years 1925-1929, at least 85,000,000 persons were living on or below subsistence levels even during the "golden age of American Capitalism."<sup>2</sup>

The disagreement shown above stems from the fact that there is little agreement as to the exact nature of the various levels of living. A factory owner, to justify a low wage scale in his plant, might advance a "decent" budget for \$1000 dollars a year, featuring perhaps "hog and hominy." Social workers, dietitians, and home economists maintain that higher incomes are necessary for a decent living. The Bureau of Labor Statistics estimated that it would require \$2632.68 to maintain a health and decency standard in New York City in 1920, while R. G. Tugwell declared that \$2160.84 would provide a minimum health and decency living in the same city in 1929.

Professor Paul H. Nystrom made estimates of the incomes that would be required to support the different sized consumer units at the various standards of living. Table XLII, on page 600, shows Nystrom's estimates.

<sup>1</sup> N. H. Comish, *The Standard of Living*, quoted in Wyand, *op. cit.*, p. 459.

<sup>2</sup> Quoted in C. S. Wyand, *op. cit.*, p. 459.

TABLE XLII<sup>1</sup>

APPROXIMATE EXPENDITURES REQUIRED TO SUPPORT VARIOUS AMERICAN  
STANDARDS OF LIVING UNDER URBAN CONDITIONS

<i>Costs and Dollar Values as of 1929</i>					
<i>Standard of Living</i>	<i>Individuals</i>	<i>Man and Wife</i>	<i>Man, Wife, and One Child</i>	<i>Man, Wife, and Two Children</i>	<i>Man, Wife, and Three Children</i>
Bare subsistence . . . . .	\$ 600	\$ 900	\$1200	\$1500	\$1800
Minimum for health and efficiency . . . . .	800	1200	1500	1800	2100
Minimum comfort . . . . .	1000	1500	1800	2100	2400
Comfort . . . . .	1200	1800	2200	2600	3000
Moderately well-to-do . . . . .	1800	2700	3200	3700	4200
Well-to-do . . . . .	3000	4500	5500	6500	7500
Liberal . . . . .	5000	7500	8700	10000	12000

Although these figures are approximations, they appear to be fairly satisfactory. Comparing these figures with the income figures presented earlier, it is seen that most American families come under the first two groups. Two-thirds of the American families had less than \$1500 a year income in 1935-1936, while 27 per cent of the families had two members, 45 per cent had three or four members, 19 per cent had five or six members, and 9 per cent had seven or more. By following the \$1800 income figure across Table XLII we can see how the standard of living drops as the family size increases. An income of \$1800 would have kept a single person in moderately well-to-do circumstances, while providing only a bare subsistence for a family of five.

**The Family Budget.** In presenting a family budget it should be kept in mind that there is no general agreement as to the exact nature of the budget requirements or the exact amount that each item should represent of the total outlay. Furthermore, there is an assumption that the income will be spent in accordance with the established budget — a very strong assumption to say the least. It is the ones who have the lowest incomes who know least about budgets and who conform least to the established pattern for expenditures.

A close examination of a budget, such as is presented in Table

<sup>1</sup> P. H. Nystrom, *The Economic Principles of Consumption*, Ronald Press, N. Y., 1929, p. 302.

XLIII covering subsistence requirements for the average American family, reveals no provision for extravagance in living. Some may consider the provision for alcoholic beverages and tobacco as unnecessary, in the sense that they can be done without, but to most users of these items they are just as essential as food. They are called "conventional necessities," and an attempt will be made to skimp on something else rather than to eliminate the alcoholic beverages and tobacco.

TABLE XLIII<sup>1</sup>  
A COMPOSITE ANNUAL BUDGET REQUIREMENT FOR SUBSISTENCE OF THE  
AVERAGE AMERICAN FAMILY

<i>Classes of Takings</i>	<i>Budget in Current Dollars</i>	
	<i>1929</i>	<i>1931</i>
Food and soft drinks . . . . .	\$ 577	\$ 435
Alcoholic beverages . . . . .	29	25
Tobacco . . . . .	26	25
Clothing . . . . .	213	173
Women's . . . . .	127	104
Men's . . . . .	86	69
Transportation . . . . .	76	68
Vehicle upkeep . . . . .	48	37
Local fares . . . . .	28	31
Housing maintenance . . . . .	378	346
(Housing, furnishings, supplies, fuel, light, and maid)		
Sickness and death . . . . .	68	62
Personal appearance . . . . .	17	15
Recreation . . . . .	22	19
Social-cultural activities . . . . .	38	33
Withholdings (taxes and savings) . . .	118	75
Total . . . . .	\$1562	\$1276

It might seem that this modest budget could be afforded by a majority of Americans, yet in 1929 less than 58 per cent of the population was financially in a position to maintain even Lough's conservative standard. Out of every 100 working class families studied by the Lynds<sup>2</sup> in 1924, 74 were earning less than enough to support a typical standard of living. In terms of the 1935-1936

<sup>1</sup> William H. Lough, *High Level Consumption*, McGraw-Hill Book Company, Inc., New York, 1935, p. 92.

<sup>2</sup> Robert S. and Helen M. Lynd, *Middletown: A Study in American Culture*, Harcourt Brace and Company, Inc., New York, 1928

income figures, with incomes and prices below the 1929 figures, it is seen that a majority of American families are living at levels that do not even closely approximate the most conservative "standards" that have been set up by interested students.

**Conclusion.** The factual material cited in this chapter does not come from people who are trying to overthrow our democratic system or our capitalistic economy, but comes from students who are trying to learn exactly how Americans live. They have used the best available methods to find out how large the national income is and how it is divided and eventually spent. No one claims that our statistics are infallible, yet the more refined our methods become the more they substantiate earlier estimates of income distribution and expenditure. If anything, they show the conservative nature of earlier estimates on inequality in income.

Brief mention was made of the causes of inequality of income and some suggestions for the reduction of inequality of income were listed. While much can be done to improve the lot of the families at the lower end of the economic scale, it was pointed out that perfect equality was neither desirable nor possible. The greatest hope for the future lies partly in better distribution but mostly in the increase of national income. While it is true that during the depression years our production has suffered in part because our economy is beginning to feel the decline in the rate of growth of the population, it is not true that there is no room for further expansion in production. The facts show definitely that there is ample room for a tremendous increase in the production of consumer goods. There is certainly no lack of anxious consumers. The big problem is first to increase the national income and then see to it that most of the increase goes to those who need it most, rather than to those who need it least.

It is hoped that this improvement in our situation can be attained without destroying the foundations of our present economic and political system. Those who have tried to achieve more equality by establishing new political and economic systems do not seem to have been successful in their attempts. It is a challenge of the first order to our system to improve the lot of the average American without depriving any of our citizens of those liberties, rights, and privileges that have been the birthright of Americans

## TERMS TO BE UNDERSTOOD

standard of living	imputed rental value
plane or level of living	functional distribution of income
national income	laws of consumption
family income	consumer unit
median income	conventional necessities
mean income	poverty
invisible income	minimum health and decency comfort

## QUESTIONS FOR DISCUSSION

1. If you had an annual income of \$2000, would rural or urban residence give you • the most for your money? Why?
2. Would you object to equal incomes for all families? What factors would make perfect equality impossible? Undesirable?
3. What methods are in use today to reduce economic inequality?
4. Examine closely the budget given in Table XLIII. Do you think your family approximates the figures given here? Do any items seem to be too large? What other items do you think should be included?
5. What effect might the defense program have on national income, family income, and economic inequality?
6. As a lawmaker, how would you reduce inequality in the enjoyment of income?
7. What are some of the advantages and services people get in cities for which they do not have to pay directly out of their incomes? How do these advantages compare with those in the country?
8. Make an annual budget for your family showing the amount and sources of your family income and the nature and amount of the classes of expenditures. In what level would you classify your family? How has your family budget been altered during the depression?

## FOR FURTHER STUDY

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## ECONOMIC INSECURITY AND PRIVATE ENTERPRISE

**New Risks in Modern Society.** In the earlier preindustrial society in America the risks of insecurity to the individual or his interests were considerably less than they are today. The intimate ties of a large family on the farm and the relative self-sufficiency of the farm unit were largely responsible for this fact. The aged parents became the dependents of the children and the temporarily or permanently disabled breadwinner received aid from the rest of the family or the friendly people of the community or countryside. With the westward expansion of the United States a problem of unemployment hardly existed: one could always move on to new frontiers. However, the rapid growth of modern industrial society has brought with it a multiplication of risks to human welfare. Vast increases in population, the concentration of that population in urban areas, the complexity and interdependence of economic life, high-speed transportation have all brought new risks or an intensification of old ones to the individual and his enterprises.

**Savings to Meet Risks.** Saving of money or goods to care for future need is no new phenomenon in our time. But in the past the concern was far less with realizing an appreciation of savings through investment than is true today. In the United States since 1800 there has been great opportunity for wisely joining human skill and inventiveness with diversified and abundant resources. These and other factors have permitted a greater accumulation of savings than has been true of any other country even including Britain. Some have hoarded their savings without thereby increasing their value. Others have engaged in speculation which involves a high risk and a quick and larger return. Still others and perhaps the preponderance of savers have made investments in which they anticipate a permanent claim to future income.

The earnest, cautious, average citizen approaching the problem has been constantly thwarted in realizing his long-range plans.



Besides the recurrent depressions, unscrupulous agents urging an investment here or there have plagued him. Land which was under water, timber and mines which were nonexistent, manufacturing companies which produced nothing, watered railway stock — the list could be greatly extended — are some of the enterprises which have received the savings of a lifetime. Most susceptible to these salesmen were honest, religious, rural folks. By 1911, it is not surprising, Kansas enacted the first "blue-sky law," or law to regulate the issuance and sale of stocks. Today all but two states have similar laws. The efforts of government, both state and federal, in the regulation of investment undertakings and the protection of the investors has been unceasing and widespread. The Federal Trade Commission and the Security and Exchange Commission are federal administrative agencies which are evidence of these efforts in the national sphere. Recent senate investigations in the insurance field may lead ultimately to its regulation by the Federal government.

**Investment Institutions.** Because the common man dislikes the worry involved, is ignorant about or too busy to investigate investment opportunities, there has been an increasing tendency in the last half century or more to entrust to specialized institutions the task of investment. Among these one might list savings banks, United States postal savings banks, trust companies, building and loan associations, investment trusts, and insurance companies. In deciding in which of these institutions he will place his money the investor must consider these questions: Is the capital safe — both original fund and purchasing power? Is regular income assured? Will the monetary value increase, that is, will it appreciate? And lastly, can the claims to ownership of capital be readily converted into cash? Any single investment may have more than one of these attributes to a high degree, but it is quite unlikely to possess all of them to a high degree.

The small savings which are accumulated in a savings bank are usually used by the banker to make conservative purchases of bonds, real estate mortgages or government bonds and notes. Wide diversification of the bank's investments as well as strict state regulation enhance the safety of savings deposits which is reflected in a low interest return. The ability of the saver to withdraw his deposit in cash at any time assures marketability. As a result of the wide-

spread bank failures at the bottom of the recent depression the Federal government instituted the Banking Acts of 1933 and 1935. These acts providing for new regulations and inspections aim at protecting the investor from disaster again. The FDIC (Federal Deposit Insurance Corporation) provides for the insurance of savings deposits up to \$5000. In the last fifteen years savings deposits have grown from four to ten billion dollars; and in addition commercial banks throughout the country hold some twelve billions in time deposits, that is, deposits payable at some time in the future. The savings banks offer, perhaps, as great a safety, regularity of income, and immediate convertibility as any other type of investment. Their service has been imitated by the government in its Postal Savings System, the deposits in which have been over a billion dollars since 1933.

In connection with investments of the type discussed above, it should be noted that recently the sales of United States savings bonds, paying 2.9 per cent interest, have been great. These mature in ten years although they can be converted into cash at any time at a lower rate of interest. Since the Federal government would be the last financial institution to crash, the safety of these bonds is unexcelled. At present their interest rate is higher than that offered by savings banks.

Operating under a state or national charter many commercial banks have the privilege of holding in trust the property of individuals or groups. In practice these may be thousands in number. The capital gathered together in this manner must be invested in those enterprises stipulated by law unless the creator of the trust directs the trustee to use his best discretion. In the former case the law usually permits investment in first mortgages, government bonds at all levels, railroad and utility bonds. Safety is aimed at by diversification and strict statutory regulation. In many instances the investor or creator of the trust desires that there be a large regular return and at the same time safety and ready convertibility of the investment. The incompatibility of these two demands frequently makes the problems facing the trustee extremely difficult.

Building and loan associations are an important institutional device for collecting savings from small investors and loaning them to real estate owners. Savings, under this plan, are collected on a regular weekly or monthly basis. Participating individuals become

preferred borrowers who may secure loans for building or purchase of homes. Principal and interest on such loans are taken care of through continued payment to the association. Since the assets of these enterprises consisted of mortgage loans which lacked marketability, the privilege of withdrawal brought disaster to many associations during the depression. In 1930 more than 10,000 associations had loaned over eight billions of dollars to home owners; by 1935 this total had shrunk to less than five billions. This fact and the failure of many associations brought the Federal government into the picture. At present the Federal Savings and Loan Insurance Corporation insures depositors up to \$5000. Chartered under a new federal law more than 1000 associations have sprung up since 1933 which are subjected to the supervision of the Federal Home Loan Bank Board.

Investment trusts or companies are corporations set up to provide investors with the expert supervision of their investments. The complexity of offerings of common stock by a large number of firms is extremely confusing. By participating in a cooperative venture such as an investment trust the investor endeavors to secure a high return, safety through diversification, and an appreciation of the monetary value of his capital. Although the middle class with small consistent savings has taken advantage of this form of organization, it is true that the wealthy have also found investment trusts convenient in building up safe investments with higher return than government bonds. Typical of the best American trusts would be one which maintains a relatively elaborate analytical and statistical service. The research staff might visit the plants and interview officials of concerns in which investments might be made. Avoidance of secrecy in operations would be a routine matter as would be the audit of the trust accounts by an outside firm. Legitimate criticism has been leveled at investment trusts in the past in respect to excessive managerial profits and unwillingness truly to diversify the investments.

**Insurance.** For some of the risks there have been cooperative enterprises which endeavor to substitute immediate small certain losses for future large uncertain losses. The part which the Federal government is playing in the field of insurance will be discussed in the next chapter. But by far the most extensive and longest standing achievements in this field have come as a result of private initia-

tive in organizing insurance societies, fraternal organizations, or companies of a kindred nature. The types of risks covered by these organizations may be roughly classified as risks to the person, involving death, old age, accident, and sickness; or as risks to property, involving fire, marine (loss in transport), natural disaster (such as hail, windstorm, rain, and flood), and all forms of casualty (such as burglary, auto property damages).

Insurance has received considerable stimulation by the periodic recurrence of major disasters. For example, the Great Fire of London in September of 1666, lasting for five days and nights, destroyed 85 per cent of that city's buildings with a loss of over 100 million dollars. The calamity was so keenly felt that for the next century the anniversary of the event was observed by fasting; and what is of considerably greater importance, the fire insurance business received a definite impetus. In our own country the names of such outstanding men as Robert Morris and Benjamin Franklin are associated with first attempts at organizing fire insurance as well as fire-fighting companies. In the field of life insurance brief mention may be made of the beginnings in America with the Presbyterian Ministers' Fund in 1759. By the turn of that century this company was still alone in the field, while London could boast of six similar companies. Out of these early and small beginnings came the gigantic life insurance enterprises of today.

**The Functions of Insurance.** In attacking the problem of economic risk it has become customary to attempt to avoid disaster, or if the event is unavoidable, then to cushion the impact through insurance of one kind or another. Insurance accomplishes this objective by distributing the cost of the risk over a large number of people who are faced with the same risk, in order to relieve the extreme burden of the few who actually suffer from the disaster. Assume for the moment that in a community there are 2000 houses valued at \$10,000 each. Past experience indicates that the annual loss to the community from fire amounts to \$10,000. It would be possible for the members of the community to reimburse those who suffered loss by the small contribution of \$5 on the part of each member. Here you have the basis for all insurance of whatever variety — life, sickness, fire, and so on. It is apparent that the establishment of a yearly fee or premium would necessitate a scientific study of past losses and mathematical calculation of the equita-

ble distribution of costs. It is no less apparent that the yearly rate or premium could be materially reduced by systematic efforts at prevention and conservation.

But to continue with our illustration of the houses. It would not be in harmony with the principles of insurance if a Mr. Jones should undertake to insure his house for \$20,000 or twice its real value. Were he successful in placing such a valuation on his property, his venture would be purely gambling. A central feature of all insurance is the principle of insurable interest illustrated. This principle suggests the impropriety of insuring unsalable goods for a very large amount.

The claims set forth by dealers in insurance as to just what may be accomplished through insurance are many and varied. It is frequently said in favor of insurance that

1. It is a stimulus to protection by means of annual boiler inspection, inspection of buildings for fire hazards, periodical medical examinations, and so forth.

2. It affords peace of mind, or the assurance that an unexpected disaster will not bring an irretrievable financial loss.

3. It provides basis for credit, that is, the savings feature of a life insurance policy may be used as collateral on loans or loans may be made on insured property in some cases.

4. It offers an avenue for personal investment in one of the safest of all financial institutions.

5. It eliminates dependency.

6. It stimulates saving, by exerting pressure on the individual to save; whereas without this pressure, he might become a spendthrift.

7. It is a stabilizer of business organizations; for example, a partnership might be made much more secure by the assurance that the death of a partner would not throw all financial obligations on the remaining partner or partners.

These claims may be summarized by saying that insurance substitutes an immediate small certain loss (periodic premiums) for a future large uncertain loss.

**Organization of Insurance Companies.** Insurance companies in the United States are organized either as "mutual" (participating) or "stock" (nonparticipating). A mutual company theoretically resembles the structure of a cooperative. The assets of the company are held for the benefit of the policyholders. In theory

these policyholders control the board of directors through election held at specified intervals. It is a fact well known among insurance men and informed laymen that these elections are largely fictions. It is well-nigh an impossibility for a company with about 30,000,000 policyholders to solicit the votes of every member. And were it possible, it is apparent at once that these members would be uninformed about the candidates for election. A last distinction to be noted about mutual companies is the fact that funds accumulated in excess of expenditures are returned to the policyholders in annual dividends. Due to varying rates of interest or earnings on investments from year to year and due to inability to predict exactly the number of deaths to come, these dividends are bound to be fluctuating in amount from year to year. Many of the large insurance companies of America are of the mutual variety.

In stock companies the assets are held by a relatively few private individuals who are usually members of a board of directors. Profits accruing to the company are distributed to the stockholders and not to the policyholders. The initial costs of insurance of stock companies are lower than those of mutual companies. In the long run, however, this is not necessarily nor usually the case. As has been mentioned, the yearly dividends of the latter companies can materially reduce the actual cost of mutual insurance.

Both stock and mutual companies are subject to supervision by state insurance commissioners. It is their function to see that the companies conform to all the stipulations of the laws of the state in which they are incorporated or in which they operate. A company, for example, organized under the laws of the state of New York may sell insurance in any or all the states of the Union, the privilege in each case being secured by a license.

**Fire Insurance.** The fire insurance policy states the premium (cost), the amount for which the property is insured, the time limit, and identifies the property by a written description. A specific contract may contain more liberal or more strict terms than the general conditions printed in the policy, depending on the nature of the property insured. A number of risks may be included under one policy. A given risk may embody value up to many hundred thousands of dollars. Because a conservative organization would not assume this entire responsibility it becomes necessary for the agent to represent a number of companies, perhaps as many as twenty,

who thus share in accommodating the patron. Many billions of dollars' worth of property are annually insured in the United States by thousands of corporations, big and little.

**Fraternal Orders.** In the last half of the nineteenth century, at a time when prejudice against insurance companies was marked, there occurred a phenomenal growth among the fraternal orders. These orders undertook not only to provide good fellowship for the members bound together by secret ritual, but also to provide co-operatively for sickness, old age, and funeral expense. Typical of the systems involved was one in which the death benefit was secured by means of an assessment of one dollar per lodge member on the occasion of a death within the order. During the seventies when many old-line insurance companies failed, the fraternal orders came to be looked upon with greater favor than ever, particularly by the middle and lower income groups to whom ordinary insurance was not readily available. The insurance practices of fraternal orders have not in general been characterized by modern actuarial methods and setting up of reserves. Although considerable improvement has been made in the last two decades, it is nevertheless evident that fraternal insurance business has fallen steadily. Whereas in 1910 the orders wrote above one-third of the total insurance written in the United States, they had declined to one-fifteenth by 1931.

**Life Insurance.** The brief description of fire insurance given above provides a general idea of the procedure followed in other forms of property insurance. The more extended treatment of life insurance which is to follow may be justified for several reasons: first, the magnitude of the business and its ramifications in modern society have vital social implications; second, the student will, in all probability, have need for life insurance policies before he makes extensive investments or insures very much property; and third, he will probably be approached by an agent on the day he gets his first pay envelope.

At the outset it should be kept in mind that life insurance companies operate as mutual or stock companies even as do companies insuring other risks. Further, the basis for computing premiums (costs) of life insurance rests either in the American Experience Table of Mortality or some similar table compiled by a particular company. The former table was compiled from the record of

many thousands of lives in the experience of the Mutual Life Insurance Company of New York. The mathematical calculations involved here do not interest us. It is sufficient to note that on the basis of this table it is possible to determine the average future life-time for a given age group. Or put in other words, one can determine approximately the number of people out of 100,000 who will die in a given year at a given age. Improved infant care, increase in hospital facilities, and the general advance of medical science have made new calculations of life tables necessary. Such tables permit insurance companies to make an estimate on the conservative side of the funds needed annually to pay the beneficiaries of deceased policyholders.

**Types of Life Insurance Policies.** Term insurance affords only protection and does not permit savings, but has the lowest yearly premium. Little or no savings are involved. This policy may run for five, ten, fifteen, or twenty years, at the end of which period the policy expires and is usually, except with certain companies, non-renewable. However, it is possible to convert it to a higher premium policy (such as one of those discussed on the following pages) within a stipulated time — usually less than the full term. If this option is obtained, no new examination is required. Term insurance frequently meets the need of young men just getting started in business, engaged in borrowing money to pursue a higher education, or shouldering the responsibilities of a family during the early years.

It is common policy among insurance companies and agents to avoid any serious discussion of this type of policy, or if term insurance is discussed the customer is generally advised against its purchase. There are several reasons for this: First, term insurance does not carry with it any reserves or saving. Thus there would be no provision for continuing the insurance should the insured be temporarily unable to meet premium payments. Further, it is argued that the insured is likely to forget to convert the policy to a higher premium policy before expiration. In the event the policy should lapse, a new physical examination might reveal that the individual is no longer a good risk, hence uninsurable. Lastly, the agent's commissions are lowest on this type of policy. By way of comparison with costs of other types of policies it may be noted here that a five-year term of life insurance policy taken out at the age of thirty would cost the insured around \$10 per year.



Next to term insurance, the ordinary life policy is least costly per year. In addition to the cost of pure protection, an amount is added which is a reserve or represents savings. A policy of this type taken out at the age of thirty would cost more than \$20 and would continue at this level throughout life. After the second year it is usually possible to borrow on the policy. Also after the second year the policy has a cash surrender value proportional of course to the amount of money already paid in. It must be remembered that a certain sum out of each year's premium is expended for protection — that is, to pay the costs of the deaths of other policyholders. In surrendering a policy the insured foregoes, therefore, the sum necessary for his protection in past years, plus a surrender charge which the company retains for clerical and other expenses incurred in carrying and in surrendering the policy. This statement may in general be applied to the surrender of all policies except term policies. It is of interest that all companies advise against borrowing on policies, because they know that in a great many cases borrowing is a step in the direction of surrendering the policy.

Limited-payment life policies involve protection throughout life, although the insured avoids premium payments during his later years by paying higher premium for a given period running from ten to forty years. The premium for an individual at thirty on a twenty-payment life policy would cost more than \$30.

In endowment policies there is again the element of protection as in all policies, with much greater emphasis on the savings or investment feature. A \$1000 policy taken out at the age of thirty and maturing in twenty years would cost more than \$40 per year. If the insured lives past the twenty-year limit, he has the option of receiving the face value of the policy, buying with that sum new policies, or leaving the money with the company in the form of an annuity which would pay a certain sum yearly until the amount would be used up. This most expensive of the four types considered is most fascinating for the prospective buyer, but in many instances, least advisable. For example, a man with three children might consider it advisable to put his earnings in three \$1000 policies to mature in time to provide for his children's education. All this seems farsighted indeed. However, should death overtake the breadwinner before the children reach maturity, \$3000 of insurance or the income from that sum would scarcely provide

shelter for the family for a period of ten to twenty years. Obviously the pressing need for this particular individual is not for a college nest egg for the children, but for protection in order that the children might be assured of support until they reach working age. This same individual could, for instance, use his \$120 annually paid in endowment premiums to buy \$12,000 of term insurance or \$6000 of term and \$3000 of ordinary life insurance.

In anticipation of retirement it is possible to place a certain amount with insurance companies to be used after retirement as an annual income. This is called an "annuity contract." Should death precede retirement age, the beneficiaries of this type of policy would receive only the amount invested, plus interest.

In concluding this description it may be noted that companies offer policies which combine features of the above. Within certain limitations and assuming the insured's willingness to pay, it is possible for an insurance company to write a policy covering almost any combination of features desired.

The policies already considered must be bought, because of the expense, by people of average or above average means. The same mutual or stock companies which sell these policies also make an effort to carry insurance on persons of small means, usually industrial workers. Industrial insurance is sold to individuals. The amount is usually small, less than \$1000 — just enough to cover burial. No medical examination is required; the company depends on the agent's estimate of the health of the client. The premium is usually five, ten, or twenty-five cents per week. Because the mortality rate is high among industrial workers, because of house collections and clerical work, industrial insurance is the most costly of all kinds. Authorities usually advise against this type of insurance, although the amount of industrial insurance held in the United States is considerably more than is usually believed. Eight million workers are thus insured.

Group insurance is a plan whereby a large number of persons are insured by a single policy without any medical examination. This plan is used by many industrial concerns and for this reason has sometimes been confused with industrial insurance. The plant or group involved must have fifty or more employees, 75 per cent of whom must enter into the plan. The premium is the same for all and is determined by calculating the cost for the average age of

those insured. It is customary for the employer to take care of the payments through his office, sending the company a single check. The employee loses this particular policy if he leaves the group (although he may have the option to convert it to a higher premium policy).

Since the early years of this century some progressive leaders and liberal critics, such as the former United States Supreme Court Justice Louis D. Brandeis, have argued that life insurance for the American public is too high in cost. The main reason for this has apparently been the existence of large executive salaries and commissions to agents. In Massachusetts since 1907 there has existed an insurance system whereby an individual may buy insurance from a savings bank without benefit of an agent's special pleading and with consequent lowering of costs. Policies similar to those already discussed are sold. Although the scheme has had a growing body of policyholders, the plan cannot be considered a threat to the old-line insurance companies' position of leadership in the field. Life insurance, it seems, remains a commodity which must be sold. All indications would point to a continuation, for some time at least, of the agent system of selling. When, recently, New York State permitted the establishment of over-the-counter insurance, there was no lobbying against the move by most of the old established companies because they were well aware of the impregnable position held by the old-line companies in the sales field.

The entrance of the Federal government into the field of insuring workers against certain types of risks in the Social Security Act of 1935 has not been construed to be a threat to the operation of private companies. Under this act many people receive benefits who would never buy insurance. Millions of others in this group who buy from private companies never permit their policies to mature due to surrender for one reason or another. The large buyers of insurance are those in the upper income brackets who are not included in the government's program. Further, the companies feel that the experiment can go a long way toward educating the public to understand the value of insurance. If this is true, then, the companies reason, those people with the means to buy more insurance will not be satisfied with the relatively small payments under the act.

**Extent of Life Insurance.** Although many people realize insurance is a big business, few are aware how big it actually is.

About one-half or 64 million people out of our total population are covered by insurance. This coverage amounts to about 109 billion dollars or 80 per cent of the world's total insurance. England is next with only 16 billion dollars of insurance in force. In the United States in 1930, out of an 80-billion-dollar national income, five of these billions went for insurance premiums. This sum is one and one-half times the United States' exports for 1937, or only slightly less than the total receipts of the United States treasury from all sources of income. While in the years since 1890 the United States' population has doubled, the amount of insurance in force has multiplied twenty-five times.

These comparisons cannot fail to give one the impression that the Americans as a whole are well insured. This impression should be somewhat tempered. The fact is that the butcher, the landlord, and the installment man have interfered with many of the well-planned insurance programs. Today it is possible to obtain insurance on children, but only a percentage of these or other policies will ever mature with death. Some critics have estimated that hardly one-fifth, that is around 20 billions, of the grand total of insurance in force will ever be paid to beneficiaries. This can be explained in part by the enthusiasm of the ill-informed buyer who is reasonably healthy and unreasonably irresponsible; in part by some of the questionable practices of high-pressure agents and companies who are more interested in getting the business — and commissions — than in keeping the policies in force till maturity.

**Concentration of Economic Power in Insurance.** To say that there is in force in America over 100 billion dollars of insurance means, of course, that if all policyholders were to die at once, that much money would have to be paid beneficiaries. Such an eventuality is extremely unlikely, if not impossible. The total assets of insurance companies held to make good death payments resulting from the most unexpected of events amounted to 26 billion dollars in 1937. The magnitude of this sum may be in a measure realized by noting that savings deposited in commercial banks at that time totaled only 14 billion dollars; savings banks, 12 billions; building and loan associations, 6 billions. Further, the concentration of the control of wealth represented by insurance companies is emphasized by the fact that among over 300 companies the five largest control 54 per cent of the total assets of all life insurance.

When the layman considers concentration of economic power, he usually thinks of our banks, our large railroads, and industrial corporations. However, the assets of any of these are less than the assets held by the largest life insurance company in the world. Within New York State alone this company collected in premiums an amount equal to 47 per cent of the total of state taxes. Out-of-state premium receipts included would show a figure three times the state tax income. Other comparisons could be made to show that the sums are tremendous.

In recent years the question has arisen as to whether or not such a concentration of wealth as this might lead to monopolistic practices. It must be remembered that life insurance assets are placed in numerous important and strategic places, such as United States government bonds, railroad bonds, public utilities, other corporations, farm and city mortgages, real estate and policy loans. In 1937, insurance companies took around 60 per cent of all corporate bond issues. In the last several years the Senate Monopoly Committee has been investigating this aspect of insurance. At the present there is no agreement among critics or government officials relative to Federal government control of insurance. That this question will be important in the next decade is extremely likely.

In this connection it may be suggested that the layman and the social scientist are called upon to consider and to solve two major problems: (1) How may people faced with risks and hazards of an exceedingly complex industrial order obtain adequate protection at minimum cost? (2) Does the "bigness" of insurance constitute a threat either to the safety of insurance policies or to the improvement of a democratic political society and of a competitive economic order?

#### TERMS TO BE UNDERSTOOD

term insurance	premium
straight life insurance	mutual insurance company
endowment insurance	stock insurance company
annuity contract	group insurance
limited-payment life insurance	industrial insurance
insurable interest	over-the-counter insurance
speculation	diversification
time deposits	marketability
trust company	investment trust

## QUESTIONS FOR DISCUSSION

1. On what grounds could you advocate government's entering the insurance business? On what grounds could you oppose it?
2. Is the operation of a mutual-insurance company a form of socialism?
3. What are the dangers involved in connecting savings with protection in a typical straight life or endowment policy?
4. Compare the nature and extent of government regulation in insurance with that in other investment institutions.
5. What are the risks that can be insured against?
6. How did people meet risks before the advent of insurance companies?
7. What public control is there over private insurance companies? Why? How effective is this control?
8. How does it come about that by pooling their risks all of the individuals subject to certain hazards may benefit?

## FOR FURTHER STUDY

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## CHAPTER XXV

### ECONOMIC INSECURITY AND PUBLIC RESPONSIBILITY

One of the most lamentable and challenging developments in American life has been the growth of economic insecurity. Reasonable material security is a basic essential of life. Under present-day conditions this fundamental demand is not to be had through private efforts alone as was true in our earlier preindustrial agrarian economy. Despite a tremendous development in our national productive capacity and in organized private efforts to enable individuals to make provision for the hazards of life, an increasing amount of economic insecurity has characterized the lives of American wage earners and their families. When private efforts fail to meet a primary requirement in society public responsibility must be assumed. (Private methods of affording greater economic security are treated in Chap. XXIV.)

Notwithstanding the devotion of the American people to the philosophy of individual enterprise and laissez faire, the need for governmental activity directed to the establishment and maintenance of more and greater safeguards against the hazards of life has been increasingly recognized. This assumption of greater public responsibility for the security of individuals and groups came to be regarded as imperative if the general welfare was to be conserved. By the advent of the third decade of the twentieth century the volume of social legislation, that is, laws enacted to safeguard those suffering from or threatened by economic or social handicaps, was enormous. Examples of such legislation are regulations of employment of children and women; of housing; of industrial hygiene and sanitation; of labor conditions, working hours, wages, machinery for the settlement of labor disputes; and of provisions for safety in factories, mines, navigation, and land transportation. In the 1930's it became apparent that social legislation must be extended beyond supplying protection for various groups

confronted by special dangers to the provision of material assistance to millions of Americans who faced immediate or ultimate destitution.

The extension of public responsibility to include financial aid to such great numbers of our citizens was, in our individualistic society, a step of phenomenal significance. Governmental programs for effecting this new public obligation divide themselves fundamentally into provisions for meeting ordinary exigencies and for coping with emergency situations. The attempt of the American people to meet a crisis through governmental action centers in the relief and public works programs begun in the early 1930's. Not only must the government meet the demands of extraordinary circumstances, however, but in the interest of a well-ordered society some provision must be made to prevent as far as possible the recurrence of such emergencies. Efforts to achieve this objective stem chiefly from the Social Security Act of 1935.

**Means of Relief in the Past.** In modern society there have always been indigent individuals and families who required material aid from others. This assistance, which is now termed "relief" was never as much a matter of public concern in the United States as it came to be with the depression of the 1930's. Throughout our national history charity has been the dominant method by which the needs of the destitute were met. Charity has always been in America primarily a responsibility of family, church, and local community. Some relief has been provided by private institutions of various sorts. But despite all private efforts it has been necessary from colonial times for local governments to extend aid to those unable to support themselves. Only a rather negligible number of our people in the past required public assistance. Suddenly in the early 1930's a totally unprecedented need for public relief arose. Millions of Americans, through no fault of their own, faced destitution. In this exigency traditional methods of providing relief soon proved inadequate.

The paramount problem of the American people during the last decade has been that of providing relief for millions whom private industry could not employ. The fact of widespread poverty owing to inability to find work became a matter of national concern. The terrific economic storm which furiously lashed our country in the years following 1929 confronted the nation with a totally un-



precedented situation of the gravest character. The tragic story is familiar to all: agriculture prostrate, factories shut down, banks closed, millions unable to find employment, riots imminent, fear and misery stalking the land. As the devastations of the business depression became more pronounced, action to meet the emergency became increasingly imperative.

**Governmental Aid Invoked.** In 1931 frantic efforts were made to persuade local governments to establish relief agencies. President Hoover was urged to call a special session of Congress. This he refused to do, for he had on the one hand an unbounded confidence that the operation of economic law would effect the restoration of normal conditions, and on the other a strong aversion to the national government's interference in what he regarded as a problem to be met by methods characteristic of "rugged individualism."<sup>1</sup> His conviction was that relief was a matter for private charity or, if necessary, for local governmental action. But soon the problem of providing relief for millions proved to be too much not only for local communities to cope with but for the states as well.

Repeated efforts to move the Federal administration to action failed. Finally, on July 1, 1932, Congress succeeded in passing the Emergency Relief and Reconstruction Act. This legislation appropriated \$500,000,000 for the states of our Union (part outright grant, and part to be matched), and over \$300,000,000 for federal projects. This act also created the Reconstruction Finance Corporation (RFC). The purpose of this agency was to stimulate economic activity through its purchase of securities from banks, insurance companies, and railroads, or by making loans to these corporations. But the millions of dollars the RFC expended did not make jobs. Unemployment continued to mount, and the need for relief increased commensurately.

**Public Works and Governmental Relief.** The term "public works" refers to all construction — public buildings, roads, bridges, streets, water plants, sanitation and recreational facilities, and so on — undertaken by any governmental jurisdiction or agency, and financed out of public funds. Public works are of vastly greater importance in government and in our national economy generally

<sup>1</sup> Herbert Hoover, *American Individualism*, Doubleday, Doran and Company, Inc., New York, 1922. See also his *The Challenge to Liberty*, Charles Scribner's Sons, New York, 1934.

than is commonly realized. In the late 1920's between 25 and 30 per cent of all governmental expenditures in the United States were for public works. In 1938, for example, 30 per cent of all the capital accumulated in that year was invested in public works. Today government construction constitutes one of the five major fields of investments. How closely relief and public works are interrelated is seen when it is perceived that in times when normal means of care for the indigent are inadequate the government can only turn to a program of public works if the public is to get any return on its expenditures, since under our economic system it would be impossible to use relief labor to produce commodities which would compete with private enterprise.

The idea of providing public works as a means of economic recovery was not originated by the New Deal. The cyclical fluctuations of business, that is, the alternation of booms and depressions in our economic life, have long challenged serious thinkers. Economists and political scientists have for decades considered the possibility of using public works as a balance wheel to counteract the cyclical oscillations of business activity. The central consideration has been the possibility of diminishing the volume of public works in periods of prosperity and of increasing it in times of depression. The hope has been that the employment of these dual procedures could effect some diminution of the violent swings of the business cycle. (See Chap. XIX for a presentation of the phenomenon of the business cycle.) The coordination of public works and business conditions was actually attempted in 1931 when Congress created the Federal Employment Stabilization Board. The law which established this agency was the first federal statute to apply the principle of planned public works.

**Extension of Federal Relief and Public Works.** The New Deal Administration, which began on March 4, 1933, came to grips immediately with the tremendously difficult problem of alleviating the dire conditions produced by the business depression. Under the vigorous leadership of President Franklin D. Roosevelt, and with huge appropriations by Congress, a vast program of relief and public works was early begun and constantly maintained. To promote recovery two basic programs were launched: aid to farmers under an Agricultural Adjustment Act, and stimulation of industrial activity and employment of labor through a National Industrial

Recovery Act which was avowedly of a temporary and experimental character. One section of this Industrial Recovery enactment provided for the construction of public works for which \$3,000,000,000 was appropriated.<sup>1</sup> The Administration was determined to relieve the distress of the unemployed, and since it was opposed to a dole, under which money is given directly to the destitute, it turned to public works as an important feature of its recovery program.

Before examining the various New Deal agencies through which relief and public works were attempted, the basic aims of the Administration and the tremendous difficulties which it encountered in its efforts to effect recovery should be realized. The central objectives were to sustain the workers until they could secure private employment and to "prime the pump" of business. The task of the Federal government was to get relief to the largest possible number of jobless workers as quickly as possible.<sup>2</sup> The difficulties which the Administration faced in providing relief and undertaking public works can scarcely be exaggerated. It was pioneering throughout and in a field fairly bristling with a multitude of political, economic, and social hurdles. There were no organizations, no precedents, no plans, and no experienced administrative officials that the Administration could turn to at the outset of the relief and recovery programs. And in addition there was still some resistance from limited sections of public opinion.

**The CCC.** The pioneer relief agency of the New Deal, the Civilian Conservation Corps (CCC), was created in less than a month after President Roosevelt's inauguration. Hundreds of camps were established under the supervision of army officers and trained foresters. In the CCC young unemployed men between the ages of eighteen and twenty-five received thirty dollars a month (twenty-two of which they were required to send to their parents) besides food, clothing, and lodging. In the first three years more

<sup>1</sup> It is difficult to imagine how huge a sum of money one billion dollars is. To aid in realizing the colossal appropriations for relief and public works under the New Deal Administration the following is offered. If \$1,000,000,000 were in dollar bills and were pasted end on end to form a ribbon, it would stretch out over 94,500 miles — over three and a half times around the earth at the equator.

<sup>2</sup> All figures on the number of the unemployed in the 1930's are merely estimates. At the depth of the depression there were, it is estimated, from 12,000,000 to 15,000,000 unemployed workers in the United States. There was, however, an official government Census of Unemployment in 1937 based upon voluntary registration, and the 1940 Census of Population will perhaps give us the most accurate figures on unemployment during the early part of that year

than a million and a half young men had received assistance and training through this agency. These "peacetime warriors" engaged in a large variety of useful projects: fighting insect pests, preventing soil erosion, erecting flood controls, and working in the forests — cleaning, planting, cutting firebreaks, and laying out trails. From its inception the CCC has been an outstanding success.

**The FERA.** The Federal Emergency Relief Administration (FERA) was created by the Federal Emergency Relief Act in May of 1933. Congress launched this agency with an appropriation of \$500,000,000. FERA attempted to help the states provide relief. At first the states were required to match the federal funds, but when they were unable to meet this requirement the service went on with merely such state contributions as could be effected. The Federal government exerted itself to raise the relief standards of the states. In this it was successful, for whereas the average monthly family allowance in 1933 was fifteen dollars (in some states as low as five dollars), in 1935 it was thirty-five dollars. A wide variety of work relief, that is, opportunities to labor on government projects to obtain a livelihood, was attempted. Although it was not intended primarily to be a "work agency" in any large sense, the FERA did undertake odds and ends of public work, some of which was uneconomical — "leaf-raking" and "boondoggling," for example. For those who could not be employed, direct relief was granted; that is, food, clothing, fuel, and other necessities were given directly. In 1935 the FERA was liquidated. The Federal Surplus Commodities Corporation (FSCC) cooperated with the FERA in distributing surplus foods and other agricultural products accumulated by the Federal government to families on relief. The FSCC, using funds assigned to it under the Agricultural Adjustment Administration (AAA), distributed to the indigent large quantities of cereals, meat, fruits, dairy, and cotton-textile products. This procedure helped the farmers too, since it reduced their surpluses.

**The PWA.** The Public Works Administration (PWA), established in 1933, was designed to accomplish a triple purpose: to create employment, stimulate the building and allied industries, and build useful and durable projects to serve the American people. Its function was to finance and supervise. It allotted huge sums to various federal departments and agencies. Hundreds of millions of

dollars went to state and local governments — some granted outright, some lent. No direct relief was attempted by the PWA. It awarded contracts for the construction of projects to private individuals or corporations. Tremendous difficulties were encountered. The construction of public works presented a host of baffling problems: of what, of when, of where, of how, of finance, of legality, of practicality, of planning, of labor, and of administration — to suggest a few of the most outstanding. The PWA was unable to provide quickly the millions of jobs expected of it. The FERA (see above) and the CWA (see below) had to assume responsibility and give direct relief or provide work relief outside the private contract system.

After many months the PWA did get under way and has been one of the major agencies in the recovery program. Up to March 1, 1939, the Federal government had allotted the PWA over \$6,000,000,000 for 34,508 projects.<sup>1</sup> The projects represent a huge addition to the nation's wealth. Through the PWA employment to millions directly and indirectly has been afforded, and the nation now has a multitude of useful projects completed: public buildings — city halls, courthouses, post offices, schoolhouses, swimming pools; sanitation and filtration plants, sewage-disposal systems; flood controls; and transportation facilities — roads, bridges, streets, airports, and docks. The nation has had its "face lifted." Furthermore, ". . . few of the undertakings [of the PWA] were marred by politics and graft, and the positive achievements proved impressive."<sup>2</sup>

**The CWA.** The Civil Works Administration (CWA), an adjunct of the FERA, in operation from November, 1933, to March, 1934, was formed to meet the exigencies developed by the slowness of the PWA in providing jobs. About 4,000,000 indigent workers who were unable to find employment were shifted to the CWA. When this agency proved ineffective it was merged into the FERA. Prominent factors in the failure of the CWA to function successfully were the high costs and the administrative difficulty of providing useful projects on a large scale.

<sup>1</sup> The whole story and record of the PWA is found in *America Builds*, by the Public Works Administration, published by the U. S. Government Printing Office, Washington, D. C., 1939

<sup>2</sup> Arthur M. Schlesinger, *The New Deal in Action, 1933-1939*, The Macmillan Company, New York, 1940, p. 12

**The WPA.** In the spring of 1934 the Works Progress Administration (WPA) was instituted. This agency began to operate in the very heart of the depression when about one-seventh of the population of the United States was wholly or in part dependent upon public funds. Since the PWA, for the reasons cited above, was unable to launch its projects rapidly enough to afford large-scale employment, the WPA was created to get idle citizens to work more swiftly. Unlike the FERA it gave no direct aid, and unlike the PWA, which operated through private contractors or local governments, the WPA hired the workers directly.

The WPA undertook a wide variety of projects. During the first four years of its operation this agency expended over \$6,657,000,000, of which \$6,373,000,000 went to work projects. To spread the funds as widely as possible it had to avoid projects which required a heavy expenditure on materials. Most of its funds went to the payment of wages, whereas a much larger share of the funds of PWA were used for the purchase of materials and equipment. The WPA during its first four years paid out 88 per cent of all its funds in wages.

The WPA accomplished much. In its first two years it provided more than 80 per cent of the jobs made available by all agencies involved in the relief and public works program of the Federal government. With remarkable dispatch the WPA provided employment for millions. Its activities cover a wide field indeed. In its first four and a half years of operation in the field of public works alone the following was accomplished: public buildings — over 23,000 erected, over 62,000 renovated, and almost 3000 additions built; roads — over 457,000 miles “newly built or improved,” “also many thousands of miles . . . of curbs, gutters, sidewalks, paths, and roadside drainage ditches built or improved”; bridges — almost 56,000 built, over 37,000 improved, and tens of thousands of culverts; airports — 534 “built or improved”; recreational facilities — about 38,000 “built or improved”; dams — almost 28,000 built, others improved; public grounds — a multitude improved.<sup>1</sup> All this affords a vast gain in public assets and adds millions of dollars to the value of privately

<sup>1</sup> All quotations and data here are from a pamphlet, *Public Health and WPA*, by the Works Progress Administration, U. S. Government Printing Office, Washington, D. C., 1940.

owned real estate. Besides public works activities the WPA provided health facilities, conducted extensive educational work (over 100,000 classes a month), operated civic art centers, supported musical organizations, fostered projects for writers and research workers, and maintained projects for women such as sewing, canning, and household training.<sup>1</sup>

**The NYA.** In June of 1935 the National Youth Administration was established with an initial allotment of \$40,000,000. The NYA provided many projects for out-of-school youth (sixteen to twenty-four years of age). This agency aided high school, undergraduate, and graduate students who were attending school. Through it, hundreds of thousands of highly deserving students have been enabled to continue their education. The wide variety and the great helpfulness of the services of the NYA students are familiar to all student bodies and faculties. As evidence that the service of this agency is considered significant is the fact that in 1940 Congress increased the appropriations for NYA above that of 1939.

**Criticism of Federal Relief.** Such unprecedented procedures as characterized the provision of relief by the Federal government since 1933 stirred an enormous amount of discussion — some laudatory, much derogatory; some in a disinterested manner, much in a partisan spirit; some reasonable, much unreasonable. One's appraisal of the relief and public works program will depend fundamentally upon one's personal experiences with it, his ability to be objective, and his philosophy of government and of economic life.<sup>2</sup> While even a brief summary of the vast volume of criticism of the federal program for relief of the destitute and the promotion of economic recovery is impossible here, a few salient aspects may cursorily be evaluated as follows:

Mistakes were made. It would be surprising if it were otherwise! The program was a colossal pioneer effort to afford relief during a business depression of unparalleled severity. No previous Adminis-

<sup>1</sup> In 1939 the "Works Progress Administration" was changed to "Work Projects Administration." Also in 1939 there occurred a reorganization of the welfare functions of the Federal government, one part of which was the creation of a "Federal Works Agency" which includes among its several subdivisions the Public Works Administration, the Works Project Administration, and the United States Housing Authority.

<sup>2</sup> A wealth of criticism on every phase of the relief and recovery program of the National government is to be had in the scores of articles which appeared in our newspapers and periodicals during the 1930's.

tration ever confronted a condition of comparable gravity or perplexity in this field. Much of its inefficiency may be attributed to the fact that it had to be improvised. Many steps had to be retraced because the program was not planned far in advance nor were financial surpluses accumulated to undertake it.

The procedures adopted constituted a marked deviation from the traditional adherence to *laissez faire*. But had not the dire need of millions of our citizens been met our economic system would probably have been subjected to more disorderly or even revolutionary changes.

Federal responsibility for the relief of the destitute millions was imperative. The nation was faced with a condition not a theory. The Federal government did not assume responsibility until all other agencies, private and public, had obviously failed to cope with the problems. If private industry cannot employ workers, the public must act or they will starve.

Colossal sums of money were spent in promoting the program. By June 30, 1939, almost \$22,000,000,000 had been expended and over \$15,000,000,000 were lent by the Federal government. But in the first four years of the 1930's over \$200,000,000,000 were lost in national income through the failure of private enterprise to maintain normal economic conditions.

The program has tremendously increased the national debt. But less has been spent to keep millions of American citizens from starvation during a decade than the nation readily invested in the destruction of war in 1917-1918. Relief and public works have unbalanced the federal budget. It could have been kept in balance only by a tremendous increase in taxation, a drastic reduction of expenditures, or by adopting both of these procedures simultaneously. Actually it was impossible either to impose much heavier taxes or markedly to curtail governmental appropriations.

Did the Federal government adopt the best form of relief? Cash relief would have cost less than work relief. However, these facts must be considered: Much indirect employment was created by the public works program. Skill and morale were conserved. The nation obtained a multitude of useful projects, which are genuine additions to its wealth.

Was there not much "politics"? The charge would inevitably be made. How much really existed cannot be determined defi-



nately. The most frequent charge was that of intimidation. The countercharge has been made that industrial corporations had practiced intimidation of their employees via memoranda in pre-election pay envelopes for years before the advent of the 1930's. At any rate there certainly was no major scandal to blacken the record.

Did the program achieve its two main objectives which were to provide relief and promote recovery? The needs of the destitute were met. Starvation was prevented, and public order and confidence in our form of government and our society was maintained. Regarding the effectiveness of the Administration in producing recovery there are wide differences of opinion. However, one of the most eminent scholars in the United States declares: "There is no doubt that the enormous expenditures of the Federal government for public works and buildings, for armaments, and for relief projects have been extensively responsible for such 'recovery' as the country has enjoyed since the crash of 1929."<sup>1</sup>

**Relief Responsibilities of the States.** The prominence of the Federal government in the field of relief often eclipses the fact that the states of our Union have also confronted the perplexities of providing for large-scale destitution. Indeed the states were wrestling with the problems of relief before the national government began to play a role in the alleviation of mass unemployment and destitution. When local governments were unable to cope with the demands of hosts of indigents for public aid the states began to assume responsibility. Since the early 1930's they have continued to struggle to afford such aid. In 1935 the national Administration announced that the burden of supporting the "unemployables" must be carried by the states and local governments, and that it would be responsible only for the destitute "employables." The magnitude of the relief problem has varied in the states. The more densely populated and the more highly industrialized commonwealths were confronted with a much more onerous task in providing relief than were the more sparsely populated and predominantly agricultural states. However, the differences in wealth as between these two types of states considerably offset the differential in the numbers who required public aid. The standards of

<sup>1</sup> Charles A. Beard, *American Government and Politics*, 8th ed., The Macmillan Company, New York, 1938, p. 318.

relief vary widely among our states. The degree of willingness to assume responsibility as well as differences in financial resources account for the variations.

The administration of relief has been a problem of the first magnitude for our states. The administrative machinery for effecting the relief program is created by the respective legislatures. As one should expect, the organization and procedures of administration vary among the states. Today a vast majority of our commonwealths, through various means and in differing degrees, divide the financial burdens of relief maintenance with their respective local governments. A few states shift to their local jurisdictions either the entire or major responsibility for the support of relief; in a few, the local governments are relieved entirely or almost entirely of this obligation. The form of relief also varies among the states. Twelve states afford cash entirely or largely; twenty-one contribute both cash and relief in kind, that is, direct distributions of food, clothing, and so on; and fifteen utilize a system of aid in kind largely or entirely.

Many different arrangements have been adopted by our states for the fixing of responsibility for the details of relief administration. But as to the general plan of administrative control of relief activities three types are distinguishable. In about ten of our commonwealths the state government assumes all or at least a major portion of the task of directing relief work. At the other extreme a similar number place the management very largely or entirely in the control of local governments. In the other states administrative responsibilities are shared more or less equally by the commonwealth and by its local jurisdictions, usually under an arrangement whereby the day to day activities are directed by local governments which are constantly under general state supervision.

**Attitudes toward Economic Insecurity.** The period since the onset of the depression in the 1930's is characterized by the presence of an extraordinary amount of economic insecurity. The relief activities, which have been under consideration, were born and pursued in an effort to meet emergency conditions. Incomparably more important for the welfare of this nation, however, than meeting through a relief program an immediate crisis produced by the presence of abnormal insecurities, is the establishment of a comprehensive plan for coping with the customary hazards

which regularly and constantly confront Americans. When such a system is made effective the nation has taken a vitally necessary step to block the recurrence of such deplorable crisis conditions of economic insecurity as prevailed in the United States in the 1930's.

Until recently Americans have sought to obtain economic security almost solely by individual efforts. As a people we early became, and in succeeding generations remained, tremendously impressed with rugged individualism as constituting the best way of life. Under this philosophy the strong consensus was that each citizen should provide for his own old age by his own savings. Unemployment insurance was not only unnecessary, but also objectionable in the traditional view, for it would encourage idleness. The enactment of legislation designed to afford more economic security was constantly opposed by several obstinate and potent factors not the least of which was this: we had forty-eight states any one of which by adopting any sort of legislation to promote greater economic security for its workers would thereby place its employers "at a competitive disadvantage in the business struggle as compared with firms in other states which did not have such legislation."<sup>1</sup> Despite all retarding forces, however, the stark realities of the abominable economic conditions of the 1930's convinced a majority of the American people that much greater security for workingmen and their families was imperative and that this could be had only through legislation.

**Need of Social Security Legislation.** Even before the depression of the 1930's there was a much greater need of social security legislation, that is, governmental action designed to aid workers in meeting the hazards of life and keep them from dependence upon charity in their old age, than was commonly realized. From 80 to 90 per cent of the poverty in the United States in normal times is attributable to these five factors: industrial accidents, illness, old age, unemployment, and premature death of the family breadwinner.<sup>2</sup>

Although there has always been a considerable amount of economic insecurity in the United States, under twentieth century

<sup>1</sup> Paul H. Douglas, *Social Security in the United States*, McGraw-Hill Book Co., New York, 1939, p. 5

<sup>2</sup> John N. Andrews and Rudolf K. Michels, *Economic Problems of Modern Society*, The Ronald Press Company, New York, 1937, p. 584

conditions the uncertainties of life for our workers have vastly increased. Fifteen times as many Americans, it has been estimated, have been killed or injured in industry as have been numbered among the casualties of all our wars. The relative number of the aged is ever increasing. Even before the depression one-third of all Americans over sixty-five years of age were dependent. Unemployment too was increasing before the advent of the 1930's. Large numbers of workers' families constantly faced indigency. In 1930 there were almost 5,000,000 widows, 40 per cent of whom were over sixty-five years of age. The number of children whose fathers died prematurely far exceeds the number of widows. Even a little reflection upon present-day economic and social conditions reveals this fact clearly: the individual unassisted by the public cannot make provision for the insecurities of life. Since 75 per cent of American workmen have, in normal times, less than \$1500 a year income, they cannot possibly save enough money to provide for their old age, much less the other hazards of life.

But one method besides personal savings by which they could meet the uncertainties of industrial life through their own resources has been available to American workmen. This is insurance. As for private insurance, it was unavailable for those in the more hazardous occupations, and even when available was for the vast majority of workers beyond their means. Although an increasing number of employers instituted pension plans for their employees, in 1930 such pensions included only a pitifully small per cent of all our workers — not more than 3 per cent of those over sixty-five years of age. Furthermore, the protection afforded by these private pension plans was rather sharply limited. In short, the only resort in the United States for the vast majority of our wage earners and their families who fell victims to the insecurities of life, prior to 1935, was charity. And charity is an inefficient, demoralizing, and thoroughly inadequate remedy for the human needs which spring from the economic uncertainties of modern industrial life. Undoubtedly even before the depression of the last decade there was urgent need of social security legislation.

**Social Security Legislation before 1935.** The year 1935 marks a tremendously important milestone in the advance of public provision for the economic uncertainties our workers face. A much better appreciation of how great a stride forward was effected in

that year may be gained if the very limited legislation in this field up to that time is surveyed.

Old age state pension laws were first enacted in the United States in 1923. (Such pensions were granted by Germany in 1889.) By 1928 only five of our states had passed old age pension laws. And all these merely permitted local authorities to grant such pension. How infrequently local governments acted is evidenced by the fact that in 1928 only 1500 individuals in five states received aid under this permissive legislation. The first state-wide old age pension systems were established in 1929 by California and Wyoming. However, by the 1920's tens of thousands of the employees of our governments (federal, state, and local) were afforded pensions upon their retirement from the civil service.

In the matter of governmental provision for unemployment, only Wisconsin had taken any action before 1936.

After 1910 workmen's compensation laws were enacted by our states. Such statutes stipulated that payments were to be made to workers who met with industrial accidents regardless of who was negligent. (Germany began such legislation in 1884.) By 1935 forty-six of our commonwealths and most of our territories had enacted workmen's compensation laws. Although these enactments constituted a definite gain in meeting one type of economic insecurity confronting our wage earners, they were inadequate, for the payments were usually entirely too meager, and when fairly adequate, they ceased after a rather limited period of time. Furthermore, "occupational disease" is not an industrial injury in most states.

Regarding the matter of illness, not one of our states before 1935 had established any state-wide plan for meeting the needs of workers who were unable to labor by virtue of sickness. (By 1935 about half of the European countries had compulsory sickness insurance.) While industrial establishments increasingly provided full or partial medical care for their employees, the vast majority of workers as late as 1930 was without this protection. For most workers a prolonged illness was a calamity.

In one sort of public provision against economic insecurity the United States has been the leader among the nations — mothers' pensions. By 1933 all of our forty-eight states, save two, had enacted legislation which made this aid possible. "The purpose of these

acts was to prevent homes from being broken up by the death, removal, or disability of the chief breadwinner, and to permit the mothers to bring up their children in their own homes instead of being compelled to place them in institutions."<sup>1</sup> But these mothers' pensions were seriously limited by virtue of these two facts: in over half our states the law was permissive; in over half of our commonwealths with mandatory enactments the financial burden entailed by such legislation was generally placed upon local governments which were often either unable or unwilling to assume the financial obligation involved.

When one surveys the whole field of social security legislation in the United States up to 1935, he is impressed with two salient facts: public provision for meeting the common economic insecurities which confront our workers was woefully inadequate; in comparison with European progress in this field, especially in pre-Nazi Germany, the American people were definitely backward. In 1935, however, we effected a phenomenal advance.

**Significant Legislation in 1935.** The Social Security Act, which became law on August 18, 1935, is probably one of the most monumental pieces of legislation designed to promote the general welfare ever enacted by a Congress of the United States. Undoubtedly it signalized a giant stride forward in meeting a fundamental need of hosts of American workers and their families — economic security. Both in the number of hazards covered and in the millions of citizens protected this legislation is truly phenomenal in American experience. The Social Security Act is a comprehensive statute. "It provides for old-age and survivors insurance, . . . and offers the states federal co-operation and financial assistance in nine federal-state programs — unemployment insurance; aid to the needy aged, the needy blind, and dependent children; services for maternal and child health, child welfare, the treatment of crippled children, public health, and vocational rehabilitation."<sup>2</sup>

The security legislation of 1935 provides an income for all workers included in the act as soon as they reach sixty-five years of age,

<sup>1</sup> Paul H. Douglas, *op. cit.*, p. 185.

<sup>2</sup> *100 Questions and Answers on the New Social Security Program*, p. 3 of pamphlet by the Social Security Board, U. S. Government Printing Office, Washington, D. C. This Board has prepared a number of pamphlets which are available to those interested in the topic of social security.

irrespective of need and as a matter of contractual right.<sup>1</sup> The amount of the annuity, that is, the allowance or income which a worker has a right to receive, varies from \$10 to \$85 a month depending upon the number of years which he has been under the plan and the amount of the wages he has received. This system is compulsory. The annuity is paid each month as long as the worker lives. A supplementary monthly payment is also made to the wage earner if or when his wife reaches sixty-five years of age. He also receives an allowance for his children until they are sixteen, or eighteen, if still in school. Furthermore, upon the decease of the worker who is receiving an annuity "survivors' payments" are made to his widow, to his widow for his children until they reach sixteen, or eighteen if they are in school; and to his dependent parents, provided he left no widow or any children who are under sixteen years of age. If a worker who is included in this plan dies before he reaches sixty-five years, the Federal government effects a lump sum payment to his relatives or friends.

Old-age benefit payments began on January 1, 1940. These annuities are paid out of taxes levied on both the workers and the employers — by assessments on pay rolls. Both were assessed 1 per cent in 1937. This rate continues until 1943 when for a period of three years the rate is to be 2 per cent, and then 2½ per cent will be the rate until 1949. In 1949 the rate will become and remain 3 per cent. There is no assessment upon incomes which exceed \$3000 a year. Reserves for the payment of annuities to workers will be built up until in 1980, \$47,000,000,000 will be accumulated. After 1980 it is expected that the income (contributions and interest) and the payments made to annuitants will balance.

Annuities for old age are not, by the legislation of 1935, provided for all workers. The following types of employment are not included in the act: agricultural; domestic service in private homes, local college clubs, fraternities, and sororities; government employment — federal, state, or local (or their instrumentalities with certain exceptions as, for example, employees in banks and loan

<sup>1</sup> In August, 1939, Congress rather extensively amended the law of 1935. Several of these amendments were in the direction of liberalization; for example, earlier and larger payments. All data of this chapter are as of the postamendment period rather than as of 1935. In a booklet, *Major Changes in the Social Security Act*, by the Social Security Board, provisions of the original act (1935) and of the amended act (1939) are set down in parallel columns.

associations); casual labor; self-employment — farms, shops, offices, and professions; family employment; service on certain fishing vessels and on foreign ships; service of a foreign government; occupations covered by the Railroad Retirement Act; and any employment in nonprofit-seeking organizations — religious, charitable, scientific, or educational. Despite these exceptions, however, the Social Security Act does assure an income at the age of sixty-five to about two-thirds of our workers. By 1940 about 50,000,000 American wage earners had established accounts under this plan. This annuity system is the only part of the social security program launched by the act of 1935 which is exclusively provided and administered by the national government.

**The Needy Aged.** Provision for old age as established by the annuity system, notable as it is, by no means represents the whole effort of the Federal government to make possible greater economic security for the aged. Under one section of the Social Security Act of 1935 the national government established a plan designed to afford the states strong encouragement to grant their respective needy aged a monthly pension. (Annuities are paid regardless of the financial resources of the annuitants.) This encouragement was afforded by the offer of the Federal government to pay half of each state-provided old age pension up to \$40 a month. The maximum federal contribution is \$20. A state may pay as large or as small a pension as it wishes. Today nine states have established no maximum amount they will pay their needy aged. The monthly payments made by our states range from \$20 to \$45, \$30 being the most common amount paid.

The national government plays an important role in the administration of the pensions to the needy aged. It contributes 5 per cent of its total grants to a state to aid the commonwealth to meet the costs of administration. All the costs of the Federal government under its plan to aid the states in providing pensions for the needy aged are paid out of general tax funds. The contributions of the national government to the states are conditional. A state to be eligible for such aid must establish and maintain certain minimum standards in the operation of its old age pension system. These are stipulated by the Federal government.<sup>1</sup> But the state, not the

<sup>1</sup> For a description of the federal requirements, see Paul H. Douglas, *op. cit.*, pp. 152-155.



national government, determines who is eligible for such a pension and the amount which will be paid. So potent was this offer of the Federal government to carry half of the financial obligation entailed by aiding the needy aged, that by 1938 all of our forty-eight states had enacted old age pension laws. (Only two had such statutes before 1935.) Toward the close of the year 1939, almost 2,000,000 of the needy aged in the United States were recipients of aid from combined federal-state funds.

**Unemployment Insurance.** Unemployment insurance provides the insured wage earners regular weekly payments when they are out of work. Such payments help the worker to support himself and his family when he is denied an opportunity to labor. Under an unemployment insurance system in times when a normal, or larger than a normal number of jobs are available, funds are built up to make possible the payment of benefits to workers in periods in which private industry cannot offer normal amounts of employment.

Although the Social Security Act of 1935 does not establish a federal system of unemployment insurance, it does contain provisions which induce and enable our states to establish an unemployment compensation plan. A federal tax is levied upon employers in each state. But no employer pays a tax upon more than \$3000 for any one employee. The tax on pay rolls began at 1 per cent in 1936 and reached a maximum of 3 per cent in 1938. Some employers are exempt from paying this tax: all who are in the industries which are not included in the old age annuity plan (see above), all who rely on the services of members of their immediate families, and all who employ fewer than eight workers. Under the Social Security Act, the employer in the industries included in this legislation may deduct, up to 90 per cent of the pay-roll tax, the amounts he has contributed to his state's unemployment compensation fund, provided that his state has established an unemployment insurance system which measures up to the minimum standards set up by the national government.<sup>1</sup> The Federal government pays all the administration costs of operating state unemployment compensation systems. If there is no state unemployment insurance law the employer must pay the full amount of the pay-roll tax into

<sup>1</sup> For a description of the standards required by the Federal government, see Paul H. Douglas, *op. cit.*, pp. 134-138.

the federal treasury. The operation of this system is such that insofar as its costs are concerned, the employers in all our states, if their industries are included, are on the same footing. The objective of the federal arrangement is that no state, by failing to provide unemployment compensation, can thereby gain any competitive advantage over any other state. The 90 per cent deduction feature was extremely powerful in inducing the states to act in the matter of providing protection to workers against the hazard of unemployment. Every state in our Union was impelled, within two years of the launching of the Social Security Act, to establish an unemployment compensation system. (Only one state had made any provision at all for unemployment insurance before 1935.) In 1939 almost 28,000,000 workers were included under the forty-eight state plans. In this same year unemployed workers received benefits which totaled almost \$450,000,000.

The social security program in the field of unemployment is not limited to paying out-of-work benefits to unemployed workers. It also sets up administrative machinery for bringing men and jobs together. Every state has established employment offices, the cost of the maintenance of which the Federal government shares. These offices, the services of which are free to workers and employers alike, strive to find jobs for the workers and workers for the employers. Today about 1500 of these offices are in operation. Places in which the volume of the possible service does not warrant the maintenance of such an office are visited regularly by representatives of the state employment service. Over 3000 localities are served in this manner. The successful operation of an unemployment compensation system is impossible without the concomitance of administrative agencies which bring those who need jobs and those who want workers together.

Under the Social Security Act when a state enacts an unemployment compensation law, it is left entirely free, as long as the federal minimum standards are met, to operate its system in any way it wishes. The security offered workers against unemployment depends solely upon the state. Although a general pattern is discernible, an examination of the state administrations reveals many variations. Some states include in their plans all employers regardless of how few employees they have. But others limit their systems to those businesses which employ more than eight workers. In

this matter the states seem to be rather equally divided. The amount of the weekly benefit paid differs among our commonwealths. In a majority, however, this amount is half the regular weekly wages but with a maximum payment of \$15 and a minimum of \$5. States vary too in the matter of how long these benefits will be paid — twelve to sixteen weeks is rather common. Benefits for "partial unemployment" are provided by forty-five states. The rate of the pay-roll assessments also varies among the commonwealths, but a large majority require the employer to pay 2.7 per cent of his pay roll into the state fund set aside for the payment of unemployment benefits. Only five states require contributions from the employees. It was well that the Federal government left the management of unemployment insurance to the states, for the successful operation of such a system requires elaborate knowledge of and careful adjustment to the widely varying local conditions. Of all the forms of protection the public may afford workers, no other is comparable to unemployment insurance in the number of administrative difficulties it presents.

**Other Security Provisions.** The omnibus character of the Social Security Act of 1935 is evidenced by the fact that this enactment dealt with seven types of insecurity besides those of old age and unemployment:

1. The Social Security Act sought to improve public health. The economic loss alone of sickness is enormous. Recent estimates show that on the average working day over 5,000,000 individuals in the United States are incapacitated for employment by sickness, and that the annual wage loss occasioned by illness is probably about \$1,500,000,000. Under the legislation of 1935 the Federal government makes large annual appropriations to promote public health in the nation. Most of this fund is allotted to the states to encourage them to develop public health programs. These federal grants need not be matched by the states, that is, the state is not required to contribute one dollar for each dollar given by the Federal government. Evidence of intensified interest in health on the part of state governments, much of which was stimulated by the Federal government, is revealed by this fact: "During the year 1939, legislators in forty-four states introduced 285 bills dealing directly or indirectly with provision of medical services, with payment of cash benefits for disability, or with regular, public or private, agencies engaged

in the promotion of health activities. Of these bills, 110 were passed."<sup>1</sup>

2. Under the act of 1935 the Federal government provides funds for each state which has a state-wide federally approved plan for mothers' pensions. The Federal government pays one-third of the total sum paid out by the state, but not to exceed \$6 a month for the first child, and \$4 for each additional child. Toward the close of 1939, forty-two states had provided aid for dependent children.

3. The federal legislation of 1935 in the matter of maternal and child health revives the Sheppard-Towner Act of 1921 which provided grants-in-aid, that is, subsidies, to the states for maternal and infant care. In the first year under the 1935 enactment the Federal government appropriated almost \$4,000,000. Some of this fund is to be matched by the states, and some is granted outright. But to receive federal aid the states must meet standards required by the national government.

4. There are over 100,000 people in the United States who are blind, few of whom can earn a living. Before 1935 about one-fourth of the blind received pensions, usually rather inadequate, from states and counties. The Social Security Act made an initial appropriation of \$3,000,000 for the blind, with provision for later sums as needed. This fund is allotted to the states for the needy blind who are not in public institutions. These allotments are matched by the states or the local governments thereof. The maximum federal aid is \$15 a month for each blind individual. All grants are made on the condition that the federal requirements are met. By 1940, all but six of our states granted aid to the blind under federally approved plans.

5. In the United States there are probably about 500,000 crippled children. Congress, under the legislation of 1935, makes an annual appropriation, initially almost \$3,000,000, for their care and treatment. The federal grants must be matched by the states which must maintain a program that measures up to the standards set by the national government.

6. The Federal government, in accordance with a provision of the 1935 enactment, annually contributes (\$1,500,000 the first year) funds for the aid of homeless and neglected children. These

<sup>1</sup> *Social Security Bulletin*, Social Security Board, Washington, D. C., Jan., 1940, 3: 1, p. 50.

funds are expended primarily in rural districts and in towns, for here the need is much greater than in cities which usually make provision for such children. No state or local matching of funds is required by the Federal government.

7. Since 1920 the national government has aided the states in a program of vocational rehabilitation. The Social Security Act adds to the existing appropriations almost \$2,000,000 a year. The sums granted to the states must be matched. By 1939, each of our states, save one, had a program for vocational rehabilitation.

**State Response to Federal Incentive.** One of the salient developments which stemmed from the federal act of 1935 is the unprecedented amount of legislation that the states were induced to enact in the field of social security. If the states elected to enact security legislation, they became thereby the recipients of millions of dollars from the federal treasury; if, however, any state chose to ignore the Social Security Act, it was subjected to strong pressures at the hands of its citizens who witnessed the advantages accruing to those states that cooperated with the Federal government. In less than three years from the time the national social security program was launched, all of our states had federally approved plans which afforded protection or aid in the following fields: old-age pensions for the needy, unemployment compensation, maternal and child-health care, crippled children, child-welfare services, and in the extension and improvement of services for public health.

Next in significance, perhaps, to the celerity and extensiveness of state action in response to federal inducement, was the decided success of the national government in elevating standards of public assistance in the states, which traditionally had been rather niggardly. Our commonwealths, under federal leadership and the urge of financial contributions to be had from the national treasury, were soon extending much more state aid than would have been deemed desirable or possible to them before 1935.<sup>1</sup>

**Judicial Approval of Social Security Legislation.** Under our governmental system no reform, seeking establishment through

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<sup>1</sup> For standards in relief, work programs, social security, and special types of governmental aid, see *Trends in Public Assistance, 1933-1939*, Report No. 8, 1940, by Bureau of Research and Statistics of the Social Security Board, U. S. Government Printing Office, Washington, D. C. Here are found a wealth of statistical tables which, for example, indicate the numbers of recipients and the amounts of the payments afforded by the states and the counties.

legislation, is safely launched until it has run the judicial gauntlet. Grave fears haunted thoughtful citizens, who were cognizant of the strong tendency of the Supreme Court of the United States to interpret narrowly any legislation which imposes regulations in our economic life, lest the Social Security Act be invalidated. But such fears were allayed when "All features of the Social Security Act whose constitutionality was questioned were upheld by the United States Supreme Court in a series of decisions which were handed down on May 24, 1937."<sup>1</sup> The Supreme Court upheld the old age annuity system on the ground that it served the general welfare. It declared: "The problem [of the aged in society] is plainly national in area and dimension. Moreover, laws of separate states cannot deal with it effectively. Only a power that is national can serve the interests of all."<sup>2</sup> In two five-to-four decisions the unemployment compensation sections of the act were upheld.<sup>3</sup> The Court decided that the standards required by the Federal government of the states when they set up unemployment compensation systems did not constitute an infringement upon state sovereignty. Our supreme tribunal held that the sections pertaining to unemployment compensation were an inducement to the states to pass such legislation, and that such provisions in the federal act were not coercions of the states.

**Administration of the Social Security Programs.** The administration of social security programs is at once a matter of vital importance and of tremendous difficulty. The first great hurdle was to secure necessary legislation. The second hurdle which had to be surmounted if the American people really were to enjoy more economic security, was the establishment and maintenance of an effective administration of the social security programs, including the recruitment, training, and supervision of a force of civil servants, and the keeping of records. Consider just one of the many items under this head — about 50,000,000 cards, one for each of the prospective annuitants under the old age income plan. What a multiplicity of inquiries, investigations, adjustments, coordinations, decisions, and rules!

<sup>1</sup> Paul H. Douglas, *op. cit.*, p. 349. For a brief but lucid discussion of judicial decisions of the Social Security Act, see his book, pp. 349-357.

<sup>2</sup> *Helvering vs. Davis*, 301 U. S. 619.

<sup>3</sup> *Carmichael vs. Southern Coal Company*, 301 U. S. 495, and *Steward Machine Company vs. Davis*, 301 U. S. 548.

The most important single agency involved in the administration of the whole social security program is the Social Security Board, which is a subdivision of the Federal Security Agency. Three members, only two of whom may be of one political party, compose this board. The President of the United States appoints the members of the Social Security Board, and designates who shall be the chairman. The term is six years. In order that there may never be a Board composed of all new members, the terms overlap. During his term a member may hold no other office or have any other employment.

The chief activities of this Board are: formulating policies; exercising general supervision; determining organizational forms; establishing procedures; promulgating countless rules; and scrutinizing state activities — statutes, amendments, administrative policies, standards, and procedures. Its work is effected through three operating bureaus and six service bureaus. The operating bureaus are: Old-Age Insurance, Public Assistance, and Unemployment Compensation. The service bureaus and offices are: Bureau of Accounts and Audits, Bureau of Management, Bureau of Research and Statistics, Office of General Counsel, Office of Informational Services, and Office of the Actuary. Twelve regional offices are maintained by the Board in the United States, and others established in our territories. Each of these has a regional director. By July 1, 1938, the Board had under its direction 9602 civil servants.

Each state in our Union, as well as the Federal government, faces important problems in the matter of operating the social security system launched by the act of 1935. Every feature of the program, save that of the annuity provision for workers upon their retirement at the age of sixty-five, necessitates state administrative action whenever a commonwealth elects to take advantage of the federal legislation for social security. How extensive the organization and how elaborate the procedures of administration are in any state depend fundamentally upon three factors: the density of its population, the extent of its industrialization, and the social-mindedness of the majority of its citizens. In many cases the state administration has to reach down to all of its local communities. There are, of course, many variations among our states in the administration of the different features of the social security program.

But these differences are far less pronounced than would be the case were it not for the fact that each state administration in this field is always under the necessity of meeting minimum standards required by the Federal government.

**A Glance Backward.** The central significance of the Social Security Act of 1935 is seen in the fact that it clearly indicates a rejection by the American people of extreme individualism and signifies the breaching of the fortresslike walls of the laissez-faire conception of life. It was achieved despite powerful opposition both to its underlying principles and its specific provisions. Many dire predictions were made as to the effects of this enactment. But these have been proved erroneous. Certainly the nation passed an extremely important milestone in its social progress when the Federal government assumed a permanent responsibility for the maintenance of greater security for the American people and launched a vast program to effect the realization of this pressing need. Under this program much more protection against economic insecurity is afforded tens of millions of men, women, and children, than was until recently deemed possible. When the extremely limited state legislation before 1935 is compared with the extensive programs now in operation in our commonwealths, it is clear that a tremendous advance has been effected in this field. Each year since 1935 has witnessed a further development of the program by both the Federal government and the state governments. It has grown both in the extent of the number protected and in its effective implementation.

**A Look Forward.** The American people have come to realize the value — even the indispensability — of governmental measures to provide greater security. The program should not be looked upon as complete or final but rather as a good beginning. We should seek constantly to strengthen and perfect it. A few of the more important immediate and specific extensions of the present social security program are: The old age and survivors' insurance system needs to be broadened to include all types of employment. The present unemployment compensation laws of the states demand improvement and liberalization. Particularly, the benefit payments should be much larger and their duration requires extension. All firms, even those employing but one worker, should be included in the system. Protections against illness and the whole public



health program require expansion. Considerably greater uniformity in state laws is desirable. More comprehensive research would be beneficial. Greater efforts might be focused upon securing a fuller coordination of the activities of the different agencies engaged in the administration of the social security program.

The Social Security Act of 1935 and the state legislation enacted pursuant thereto lays a substantial foundation for future efforts. Building upon this groundwork, this and all future generations of Americans may continue to strive for a society in which all workers and their families may have ever greater security in the face of the mounting hazards of modern industrial life.

### TERMS TO BE UNDERSTOOD

annuity	public works
dole	unemployment compensation
economic insecurity	workmen's compensation laws
matching of funds	work relief

### QUESTIONS FOR DISCUSSION

1. What do you find in the relief and public works program which was begun in the 1930's that you would condemn? Why? What do you observe in it that you approve? Why?
2. Do you believe that our experiences in providing relief in the last depression will aid us in the next one? If so, how? If not, why not?
3. Could legislation comparable to the Social Security Act of 1935 have been secured previous to the 1930's? Had such an act been passed previous to 1930, what do you think the Supreme Court of the United States would have decided as to its constitutionality? Why?
4. Why did not the States of our Union, in the field of social security, do on their own initiative before 1935 what they have done since then?
5. Are you of the opinion that the social security program as we have it today can or will be further extended? Why?

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